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East Europe Report

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STATE OF CROPS, RECOMMENDED MEASURES TO INCREASE YIELDS

Progressive Methods Increase Yields

Sofia, KOOPERATIVNO SELO in Bulgarian 13 Jun 86 pp 1,2

[Article by Toma Khristov: "Razgradski District Creates a Scientific Agricultural System]

[Text] Farm workers in Razgradski District have achieved significant results in grain production, but if they are to have even greater success they must overcome the tendency toward lower soil fertility. Water and wind erosion have intensified, the areas with higher soil acidity are becoming larger, and the acidity itself has risen, while excess surface moisture on some fields has begun to create difficulties. The cost per unit product has obviously increased because of all these factors.

In the campaign to overcome these negative factors, the farm workers have resorted to application of reduced tilling, direct seeding, and subsoiling of areas with excess surface moisture. These methods have been relied on, firstly, to prevent soil degradation processes, and, secondly, to lower production costs as resource conservation measures. These scientifically proven technologies have not been applied in a strictly scientific manner. In most cases they have yielded positive results, but the outcome has been negative in some instances. This is observed most often in subsoiling. During one of his visits to the district, Comrade Todor Zhivkov directed that an integrated strategy be evolved for the development of agriculture in this district. This has meant in practice the elaboration of a system of agriculture in which scientific and technical accomplishments are put to practical use.

This system made its first appearance in the APK [agroindustrial complex] in Razgrad. Its example was promptly followed by the agroindustrial complexes in Isperikh, Kubrat, Yuper, and the other complexes, being gradually transformed into an orderly system for the entire district.

"It includes several subsystems combined to form a unified whole based on the agroecologic approach," says Tsonyo Markov, secretary of the Bulgarian Communist Party district committee. "It is primarily a soil cultivation subsystem which is followed by fertilizer application, irrigation, and plant protection subsystems, and accordingly a system of yield management during the growing season."

When it was ready to carry out its plans, the Razgrad APK turned for assistance to the N. Pushkarov Study and Design Institute. A project group headed by senior scientific associate Kostadin Rakov was set up. It included various specialists of the institute and the district, as well as work brigade leaders. So it was that the first project for introduction of new technologies and technological solutions in crop production made it appearance in Bulgaria, on the premises of the Lenin APK in Razgrad. It will soon be stored in the computer memory of the information system. The chairman of the complex, Marin Drumev, had the following to say about it: "In the 30 years spanning my career I have never had available to me a document so descriptive and informative for direct management of current and long-term production."

The same scientific associates of the institute also took part in the elaboration of projects at other complexes. The projects differ from each other in being adapted to specific conditions, but they are unified by their common principles and represent an orderly system for conduct of agricultural production. Thanks to the agroecologic approach, which is the unifying feature of the projects, the basic objective is reached, which is determination of the most correct alternation of the crops involved in crop rotation whereby the new technologies are most efficiently applied, along with proper location of the crops incorporated in an integrated system of soil cultivation and crop fertilization.

The projects do not include all farm land. To allow for the possibility of making the necessary annual changes in the plan indicators of the APK and the brigades, the projects apply on the average to 60 to 80 percent of the area of the production units under cultivation. However, the crop rotations are not subject to change once they have been established. These rotations are used as the basis for differentiated cultivation of the soil as a function of the preceding crop and the crop under cultivation. This includes primarily periodic levelling of land at intervals of 4 or 5 years with long-base graders. This ensures that subsequent cultivation will be of high quality.

The basic soil-tilling implement in the system is the KRN mounted scarifier. It works at various depths as required, but penetration of the soil to a depth of 30 to 35 centimeters is required in all cases to break up the soil compacted by the heel casting of the plow. The cultivation required is reduced, and labor productivity is increased by as much as 42 percent. The question is naturally asked, is the plow eliminated as a soil-tilling implement? The answer is, almost. The plow must be used to turn up old alfalfa crops, but hardly in other cases.

The project calls for application of the direct seeding method. The introduction of this method is being accomplished very successfully in the district insofar as autumn and aftercrops are concerned. The attachments made for this purpose by the machinebuilding plant in the city of Zavet have proved to be very successful. However, there is as yet no suitable drill for spring crops, and one should have made its appearance on the market long ago.

The crop rotation schedule indicates precisely when and how deep loosening (subsoiling) is to be carried out on land with a heavy mechanical soil composition and a compacted subsurface layer. There must be neither more nor less loosening than provided by the program. For example, in 1985 it was applied on 6,000 decares in the Razgrad APK, and this year will be carried out on 8475 decares, depending on the preceding crop and the aftercrop involved. In 1987, only 2,000 decares will undergo this treatment, and 6,840 in 1988.

Phosphorus-potassium storage fertilization also occupies a specific place in the crop rotation system. Such fertilization is carried out prior to planting of the crops for which it yields the greatest economic effect. The rates of application, the forms of the mineral fertilizers, and the application periods are determined on the basis of the annual recommendations of the automated national fertilization system and by the agroecologic laboratory of the Agromodel ID in Razgrad. This laboratory also makes recommendations, on the basis of approximate analyses, regarding differentiated spray nutrition of crops. Dispensing with the stereotyped approach, the laboratory has found in 1986, for example, that some sown crops should not be subjected to spray nutrition. Many persons did not believe this, but they followed the recommendations and were not disappointed. The laboratory will assume an even greater role in formation of the yield during the growing season with the forthcoming field installation of the EREKS computer systems. They will provide information at all times on a number of factors on which the yield depends, such as temperature, humidity, and the content of assimilable nutrients in each specific planted crop.

The cultivation and fertilization subsystem, with its typical alternation of crops, also includes elements for control of diseases, pests, and weeds. But this is merely the foundation on which the plant protection subsystem will be erected. Intensive work on the subsystem is being done by project groups in which scientific associates of the Kostinbrod IZR participate. When it has been completed, the agricultural system in Razgradski District will also assume its finished form. It should receive the attention of the other districts as an example of scientific management of agriculture.

High Harvest Potential Indicated

Sofia KOOPERATIVNO SELO in Bulgarian 14 Jun 86 p 1

[Unsigned article: "Such Great Potential"]

[Text:] The harvest has begun. As they do every year at this time, the aftercrops have now come into prominence. This situation will continue into the future, because Bulgaria has only a limited amount of tillable land, and the most efficient possible use must be made of this land, so that two and in some places even three harvests can be gathered from the same fields.

Moreover, the climatic characteristics of the country are such that the uneven distribution of precipitation introduces a risk factor into agriculture. In individual years the expected yield cannot be obtained from some crops, and additional reserves must be found for fulfilling the plan in agriculture. The year 1985 gave the best example of this. Last year was a rainy one, but spring as usual went by without rainfall. It is already obvious that the planned output cannot be obtained from the autumn crops. The drought that has continued up to the present has also had an impact on the spring crops. Nevertheless, the required amounts of bread and fodder grain and of succulent feeds and roughage must be produced. This is to be accomplished by tapping the large potential of our socialist agriculture.

Aftercrops represent part of this potential, that is, aftercrops understood not as decares sown and recorded as such, as is often the case, but as actual potential for additional production of grain, vegetables, and fodder. This requires correct determination of their structure as a function of the conditions in the individual agroecologic regions, along with proper care for them as for the primary crops.

Is this what is done in practice?

The hierarchically superior organizations make the calculations, and the APK and the work brigades object to them but comply with them so as not to cause any unpleasant consequences for themselves. They subsequently devote no care to the aftercrops. The principles of the economic approach, those governing the self-managed agricultural organizations, are grossly violated. Costs are incurred, but the production corresponding to them is not obtained, and maintenance of production in agriculture becomes more costly.

It is the agroindustrial complexes and work brigades which should decide how much of a crop and which crops are to be planted following the autumn crop harvest in order to fulfill their obligations to the government and to the rural settlement system and to provide the necessary fodder for their livestock.

The most dependable harvest is that of aftercrops planted on irrigated land, but again in 1986 the water in the reservoirs will in most places reach only the vegetable gardens and the alfalfa and feed corn crops. Most of the aftercrops must be planted on non-irrigated land. These crops are unquestionably at high risk, but is there really no risk for the primary crops as well? Can it be that, as in the past, in 1986 also the farmers have failed to do what is necessary to obtain a good harvest from the fall crops? They did what was needed, but the drought has taken everything away. The extent of risk in the case of aftercrops can be greatly reduced if they are planted in time and if the necessary care is taken of them. The experience of the last few years has shown that the available moisture in the soil is the most efficiently utilized through direct seeding up to the fourth day following harvesting of the primary crop. And the moisture content of the soil is higher this year. In addition, the harvest begins 10 to 15 days earlier. These two factors reduce the extent of risk. The precipitation falling almost everywhere during the first 10 days of June is adequate for the first stage of crop development.

The essential thing is to bring about a radical change in the matter of aftercrops, not just as regards the size of the area sown, but above all as regards the crop structure. Bolder use must be made of drought-resistant feed crops well known in the past but subsequently forgotten: millet, Sudan grass, and sorghum, which can yield a normal harvest with one watering to bring about germination, while production from non-irrigated land is ensured if enough moisture is present in the soil. If they are planted in time, some sunflower varieties yield more biomass per decare, and on some land they may also be cultivated for grain.

The task now is to create an organization in every agroindustrial complex and in every work brigade such that cleared areas will be planted with aftercrops no later than the fourth day after the primary crop has been harvested. In addition, all the necessary care must be taken so that a normal harvest will be obtained.

Direct Sowing of Corn Advocated

Sofia KOOPERATIVNO SELO in Bulgarian 13 Jun 86 p 1

[Article by Fanka Angelova: "Concrete Results are the Only Criterion"]

[Text] If the harvest is a source of concern to the machine operators of Pazardzhishki District, this is because they are struggling to shorten the harvest period needed so that the planting of aftercrops can begin earlier.

Cultivation of corn for silage as an aftercrop is extremely important to livestock raising in the district. Introduction of the direct sowing technology creates good preconditions for obtaining high yields. As a matter of fact, more than half the land planted with corn in the district has been sown directly here for several years in succession.

The farm workers believe that prompt clearing of preceding grain crops from the fields and timely direct seeding with the Soviet SZS-2.1 seeders represent the prime prerequisite for application of the technology. When barley is harvested by the whole-plant method with E-280 combines, no problems whatever are encountered with direct seeding. Since the moisture content of the soil ensures germination of the seeds in 5 to 10 days, sprinkler irrigation was begun immediately during the drought. In the case of a preceding wheat crop, one of the most important measures is prompt gathering of the straw. The APK in Septemvri has had good experience with this process, in which the baling is accompanied by loading of the bales onto trailers by means of special slides attached to the straw balers. The fields are cleared even more quickly in the Pazardzhik North APK, with high-capacity trailers which carry the straw from the fields during the harvest itself.

A very suitable seeding system has been selected by the Pazardzhik North APK. The machine operators use a two-seed hitch with which they seed six rows simultaneously. There are 8,000 to 10,000 plants per decare, depending on the hybrid. A higher green fodder yield is obtained with moderately late hybrids. The seeding depth depends on the moisture content of the soil. When the soil is moist, the farmers sow to a depth of 10 centimeters, and to 3 to 5 centimeters when it is dry.

Primarily nitrogen fertilizers are applied, depending on the soil type. Phosphorus and potassium fertilizers are applied to the preceding crop, in accordance with the tabulated forms issued by the N. Pushkarov Institute.

Irrigation is in the form of sprinkling, and the irrigation rate is from 20 to 30 cubic meters per decare. After germination for 8 to 10 days, maintenance of 70 to 80 percent of the maximum normal field capacity is mandatory. Weed control is accomplished with suitable herbicides. Direct seeding enables corn to grow at a faster pace than wheat weeds. The harvest is gathered by special mechanized detachments equipped with modern silage combines.

The experience is unique. The machine operators of the district will duplicate it this year to avail themselves of the advantages open to them.

Application of Soil Conserving Technologies

Sofia KOOPERATIVNO SELO in Bulgarian 14 Jun 86 p 1

[Article by Toma Khristov: "General Application of Soil Conserving Technologies"]

[Text] Razgrad, 13 June (by telephone). One of the most important tasks assigned by the 13th party congress in the area of agriculture was accelerated introduction of minimum cultivation and direct seeding. They are required because of their soil conserving nature and high potential for conservation of labor and energy. The new technologies are, however, being introduced at different rates in different districts of the country. Objective reasons are advanced in many places to justify slow introduction of the technologies, but a better explanation is given by lack of confidence and outmoded concepts.

These problems were brought up at the discussion held in Razgrad today. It had been organized by the Central Council of the NAPS [National Agroindustrial Union], the Agricultural Academy, and the the Union of Agricultural Scientific Associates of the Scientific and Technical Union. It was attended by the chairmen and deputy chairmen on mechanization questions of the OAPS [District Agroindustrial Union], the chairmen and deputy chairmen of APK throughout the country, scientific associates, and specialists. Angel Bobokov, first deputy director of the agricultural department of the BKP Central Committee, Aleksandur Petkov, chairman of the Central Council of the NAPS, and Boris Anastasov, first secretary of the Razgrad District Committee of the BKP participated in the discussion.

Khristo Mermerski, deputy chairman of the the Central Council of the National Agroindustrial Union, presented the basic report on new technologies and trends in soil cultivation and sowing. The problems of plant protection and provision of the materials and equipment required for application were considered in connection with the introduction of these new technologies. Scientific associates and specialists engaged in practical work shared the results of their experience. They confirmed the need for faster application in keeping with the specific conditions prevailing in the crop rotation system. It was stressed that what is needed is not simply utilization of the new technologies but full scientific introduction of the technologies as a system for conservation of the soil, which must have higher fertility when it is delivered to the coming generations.

Corn Growing Difficulties Reviewed

Sofia KOOPERATIVNO SELO in Bulgarian 16 Jun 86 p 1

[Article by Diana Vancheva: "Today's Accomplishments Give Hope for the Future"]

[Text] What has been accomplished and who has accomplished it are perfectly obvious. And if a rating of good is to be given, it is because the farm workers exerted much effort to meet the requirements. Everything was done in accordance with the technology and the recommendations of the Corn Institute. The same applies to the varietal structure. The corn is starting to grow head high, in some places higher and in others lower. The picture is not the same everywhere, and for this reason the blame is not to be placed on the drought alone.

The effect of the weather does have to be considered, of course, but even more so what has been done and what still remains to be done. Around 15 percent of the arable land in the country is covered with weeds. This is the problem faced by farm workers in Tolbukhin. A crash program of clearing weeds by machine has been instituted in Turgovishtki District. This program has been paralleled by digging of irrigation furrows. Primary and secondary row cultivation has been completed in Rusenski District. In Velikoturnovsko more than than half of the corn has been cultivated twice. The picture in Plevenski District continues to be the most varied one. In Slivensko, 80 percent of the crops are growing well. And what of the remaining crops? They have not been trimmed, another proof that planting is behind schedule.

A look at the seed-breeding plots reveals that they have been neglected, as has traditionally been the case, rather than the opposite. We can hardly rely on them to keep us from having to import seeds. Some of the crops have not germinated in Tolbukhinski District for understandable reasons, lapses in technology. The fact that all the plants have not germinated together will also probably have an impact on the harvest in Razgradski District. Until a few days ago, the hybrid corn in Velikoturnovsko was experiencing an acute shortage of moisture; 40 tons of the flexible irrigation pipes applied for had not been delivered. It is a good thing that the skies took pity on the crops.

The farm workers in Burgaski, Varnenski, Rusenski, and Turgovishtki districts have failed to provide irrigation fields for all hybrid plots, and this was mandatory. What is even worse is that the germination rate is barely 30 percent of the seeding; this is inadequate. What do the specialists and scientific associates say? The amount of seeds needed for next year can be obtained with good organization, even under poor conditions. This amount can and must be obtained.

And so we see that preparations for irrigation are again behind schedule throughout the country.

Vasil Kordovski, general director of the Water Management Kombinat, says that "the water supply is adequate for the districts which use water from the Danube. In addition to this, we are drilling wells. The organization of irrigation continues to be the weak point. If the furrowing is of poor quality, a great amount of water will be lost. We are now registering the seed-breeding crops, and they will be given priority in irrigation."

Kapoyan Vuchkov, chief specialist in the Ministry of Agriculture and Forestry, states that "The furrowing is of poor quality in many complexes. The proper depth, 15 centimeters, is not maintained. What are we to say of the fact that there are still farm workers who have not even begun the furrowing work. What are they waiting for? Another important matter is that the moisture content of the soil must be monitored. The optimum irrigation conditions have not yet been worked out everywhere."

Another problem is a cause of condern in many districts. There is a shortage of harvesting equipment.

Gospodin Mitev, chief specialist in the Agricultural Mechanization and Maintenance Economic Trust, says "we are importing 200 more silage combines from the GDR; the orders will be filled. However, the APK which believe that the scheduled machines will not reach them can immediately sign contracts with the mechanized detachments of the Machine-Tractor Station and Erosion Control Combine."

In connection with the flexible pipelines, delivery of which is behind schedule, the Asenova Krepost Kombinat gives its assurance that the lag will be made up by the end of June. We hope it keeps its word this time.

Crop Maintenance Recommendations Given

Sofia KOOPERATIVNO SELO in Bulgarian 16 Jun 86 p 1

[Unsigned article: "Scientific Recommendation: How to Manage Development of Planted Crops in June"]

[Text] According to the NAPS corn task force, the basic tasks are the following.

Immediate completion of the weed control project, by use of weed killers and machine weed clearing.

Regular inspection of crops planted late to detect the appearance of diseases due to zinc and molybdenum deficiency, and conduct of treatment if necessary.

Seed-breeding crops require systematic care.

Exceptional measures are required for irrigation. Furrowing (the furrows must be at least 15 centimeters deep) and digging of temporary canals must be completed immediately, and flexible pipelines must be installed. On land with an adequate water supply, the maximum field moisture must not be allowed to drop below 80 percent, and in other areas the APK are to cooperate with the Water Management SEP to determine the optimum irrigation rates, priority being assigned to irrigation of seed-breeding crops.

A card index should be maintained of the areas in which corn is to be planted for next year. Areas covered with rootstock weeds several years old should be treated with weed killers and cultivated.

The repair of equipment used in harvesting grain corn and silage corn should be speeded up.

Corn as an aftercrop should be planted 3 to 4 days after harvesting of the primary crop. Preferably the direct seeding method should be followed.

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DEBATE ON SOWING ON UNTILLED LAND CONTINUES

Sofia KOOPERATIVNO SELO in Bulgarian 5 Jun 86 p 2

[Article by Asparukh Dimov, Associate Professor at the V. Kolarov Higher Agricultural Institute in Plovdiv: "Why are we needlessly disturbing the land?"]

[Text] In issue 17 of KOOPERATIVNO SELO, dated January 21, 1986, we published a conversation with the American farmer, Kenneth Stonseifer. He has been raising crops without tilling the land for 15 years.

This provided the occasion for our distinguished research workers to express their opinions on questions that are particularly important for developing the technological arguments for this promising agricultural system.

Today we are publishing the point of view of Associate Professor Asparukh Dimov from the V. Kolarov Higher Agricultural Institute in Plovdiv.

Some specialists believe that traditional tilling methods should not be set against minimal methods; they may be complementary. While this may be true, it may pertain only for a fixed, transient period or under certain conditions. However, such a belief hinders the development of correct attitudes toward the opportunities provided by new trends in tilling. Theoretically, the crux of the direct sowing system to a greater or lesser extent prevents the soil from being loosened to a depth greater than the sowing depth and is totally incompatible with ploughing. However, from a practical point of view, it is supported by the experience of the American farmer, Stonseifer.

The fact is that no-one in Bulgaria today disputes the possibility that crops that require hoeing may be cultivated without hoeing and that tilling prior to sowing the spring crops may be reduced to one harrowing or eliminated altogether, that deep ploughing may be more shallow, may be done once every 4 to 5 years or may be replaced by loosening, even with a disk harrow, and that tilling prior to sowing the winter wheat crops should not go deeper than 7 to 8 cm, etc.

The latest positions with regard to the depth to which the soil is worked are today being systematically attacked by direct sowing. Brilliant and indispensable for the old agriculture, tilling is proving to be ineffective and will continue to do so in the future. Recent complex investigations show that its contribution to production is barely 10 percent whereas its cost constitute 30 to 35 percent of the general expenses for crop cultivation. Moreover, in almost all investigations, the effect of tilling is associated with climatic conditions, which means that it is rather unreliable. If we add to that some of the negative aspects of traditional tilling methods — destruction of the soil system, an increase in the density and firmness of the soil, a decrease in biogenicity, acceleration of erosion, etc. — then the balance may turn out to be negative.

Just consider the question of the study and introduction of new methods in our country. "Tilling the Land" (a book by F. Todorov, B. Simeonov, A. Khristov, K. Stoynev and K. Rakov), published in 1982, provides a systematic guide to the introduction of minimal tilling and direct sowing in accordance with the soil, climatic and production conditions prevailing in our country. Within the past 2 to 3 years alone, more than 40 publications have appeared in our country on the issues of minimal cultivation and direct sowing. Discussions in the Agricultural Academy demonstrate the exceptional interest and thorough work of our scientists on these issues. Still, not all the farmers in some of the countries of Central and Western Europe are today convinced of the advantages of minimal tilling as a method of soil preparation prior to sowing winter wheat crops. Yet in Bulgaria it predominates and could, without exaggeration, be called traditional.

Unfortunately, however, the same cannot be said about minimizing primary tilling and introducing direct sowing. Some attempts, particularly the attempts at direct sowing, have been associated with methodological inadequacies which shed an unfavorable light on the variations with direct sowing and lead to erroneous conclusions and evaluations of zero cultivation as a method. One of the problems has been neglect of the adaptatation period, during which the soil (particularly soil with a large or medium metal content) acquires properties — superficial mulch, improved structure, stable porosity, etc. — which make it truly suitable for direct sowing. In other words, these experiments have generally finished where they should have begun. The adaptation period was discussed, among other things, in the conversation with the American farmer Stonseifer. We have gambled, and continue to gamble on these experiments without stopping to think what measures would replace the loosening effect of tilling in direct sowing variations which are most likely to produce perennial grasses and suitable crop rotation. The subject upon which we have embarked would carry all the more conviction if we included those experiments conducted with inadequate methods, including imitation of direct sowing. Obviously, zero tilling in Bulgaria requires additional scientific arguments and future experiments must be reconsidered from the theoretical and methodological points of view.

More important, why has the rate of introduction of these methods been inadequate in recent years? As a matter of fact, the problem exists not only in Bulgaria. According to information for 1982, minimal tilling in the corn belt of the USA includes only 47 percent of crop land and direct sowing only 4.6 percent. In the states of North Dakota and Montana, the percentages are even lower and fluctuate between 15 and 45 percent for minimal tilling and 0.5 to 3 percent for direct sowing. It is clear that we are inferior only with respect to direct sowing, but even in the USA success in this respect is not striking. Returning to the reasons, some authors are making a science out of this issue. For the present, it should suffice to mention two or three essential points.

Psychological barriers and a traditional attachment to tilling are the major reasons in Bulgaria, but their effects are many. Let us consider an example. In his article, Professor K. Enikov states: "... only an ignoramus would drive a plough into a field that did not need ploughing." I would add that anyone who "drives" a direct sower into ... heavy clay soil after a long summer drought is an even greater ignoramus. We should all understand, once and for all, that direct sowing does not mean that vegetable crops are raised in soil that has a greater than optimal density, that it does not make for greater spread of weeds among crops and in the soil, that it does not allow uncontrolled spread of diseases and pests or exclude as inadmissible poor quality sowing and yields of thinly or poorly developed crops. It requires greater optimization of those indices, and this must be achieved not by soil cultivation but by other agrotechnical means. This is why this system is more difficult than the traditional system and requires greater agricultural knowledge. This leads us to the following major reason.

Those interested in the enviable achievements of the American farmer have made quite a few comparisons between conditions in the state of Maryland and here. The notable differences are objective. Of course, it would be incorrect to compare the level of an advanced American farm with the average level of our agricultural knowledge. Nevertheless, such a comparison provides a useful demonstration of our inadequate use of the possibilities offered by socialist land management. What we most sorely lack at present to improve our agicultural knowledge is a crop rotation system. To speak of rational cultivation and particularly of the introduction of minimal tilling and direct sowing without having any notion of a specific crop rotation system in which they will unfold is equivalent to compromising these methods.

However, the most critical issue is one of methods. Even those countries that have already amassed almost 40 years of practice in the construction, production, testing and introduction of machines used for direct sowing are still not satisfied with their achievements. It turns out that the latest of these machines are not sufficiently versatile or heavy-duty, and they are rather highly priced. We know that the potential for import of these machines is limited. It is clear that we must produce them ourselves. But there is strictly no room here (equipment for direct sowing, modified direct sowing, etc.) for amateurism. Our participation in this process must begin at or above the level of the latest world models. Enthusiastic attempts at direct sowing with various pieces of "home-made" equipment will only bring disappointment to the enthusiasts and give the sceptics reason to sneer. All this leads to undeserved compromise of this advanced technology.

I could enumerate a whole series of considerations with respect to the issues of minimal tilling and direct sowing but they are, like those discussed here, more or less known to the specialists. Now, we need action. In the coming days, months and years we must completely clarify certain scientific questions, bring in, test and produce the equipment for direct sowing and, at the same time, after determining some of the issues of crop rotation and weed control, we must boldly put these progressive methods into practice. We should not be afraid that, by putting direct sowing into practice and observing basic requirements, we shall disguise the risk of yielding dramatic results. We must always bear in mind that the primary quantitative capacity in this respect is rather limited; moreover, it will be useful under the circumstances for the experiment that introduces these methods to include cultivation of what we still call intermediate crops in addition to sowing.

12907
CSO: 2200/134

PERFORMANCE OF STATE FARMS EVALUATED

Prague HOSPODARSKE NOVINY in Czech No 21, 23 May 86 p 2

[Article by Oldrich Hovorka, CPCZ Central Committee employee: "State Farms"]

[Text] State farms are playing a large role in the development of agricultural production and in improving the self-sufficiency of our economy in food. State farms operate on more than 20 percent of all our agricultural land (almost 25 percent in the CSR and almost 15 percent in the SSR). They provide almost 14 percent of total meat production, 19 percent of total milk production, 26 percent of the grain harvest, 18 percent of total output, etc. At the same time, in the CSR particularly, more than 70 percent of these farms work agricultural land of relatively the poorest quality in the so-called potato-oat and mountain regions.

The quality of their land, the more severe climatic conditions, and the consequences of previous development, in which state farms took over large amounts of land from backward united agricultural cooperatives (JZD) in less fertile areas or border areas, or in which state farms gave consolidated land to cooperatives to improve the latter economically, have combined to create clearly less favorable conditions for the operation of state farms in comparison with other agricultural enterprises, such as JZD.

For subjective as well as objective reasons, and despite the adoption of numerous measures, the management of state farms has developed unevenly, especially in the 1975-1980 period. Because of this, CPCZ Central Committee plenums in 1979, then in 1981 and 1984, in conjunction with resolutions of the 16th CPCZ Congress, paid more attention to state farm management. These plenums outlined tasks designed to increase substantially the intensity of state farm operations and to eliminate unjustified differences in overall performance, and especially in qualitative indicators of those state farms located under comparable production conditions. Reasons for poor performance were identified and strategies for improving this performance were developed. The problems had occurred for the most part because there had been no development strategy, because land holdings had been fragmented, because production had been neither concentrated nor specialized, because of a growing lack of balance between plant and livestock production (especially in relation to the fodder base), and because of inadequate sophistication in internal enterprise and supervisory management and organization and ineffective forms of economic incentives both individually and collectively. These all combined to yield an unstable work force, poor utilization of capital assets, including the soil stock and soil maintenance, poor production intensity, and an inability to exploit internal capacities.

A number of measures were adopted in the Seventh 5-Year Plan to improve the management sophistication of state farms. There were bilateral transfers of land between state farms and cooperatives totalling more than 350,000 hectares. Objectives were met in the development of special-purpose biological service organizations for state farms. The adjustment to economic mechanisms of 1982 yielded some Kcs 1.4 billion in resources for the use of state farms. The application of the labor force stabilization fund was made more flexible, an agricultural intensification fund was set up, and other measures were taken.

These measures brought positive results in a relatively short time. The growth rate of plant production increased, which improved the fodder base of the state farms. Their costs of production declined, which was reflected, along with adjustments to economic mechanisms, in a shift by state farms from continuing losses to a position of profitability and increasing returns on investment. Nevertheless, as recent inspections by the CSR People's Control Commission indicated, everything is far from in order regarding the fulfillment of the basic objective--increasing managerial efficiency and eliminating unjustified differences in performance.

An essential part of the measures taken at the start of the Seventh 5-Year Plan was the task of formulating programs consisting of specific, timed, and verifiable objectives that would lead to increased efficiency for agricultural production at least in the case of average enterprises. An analysis identified 66 state farms in the Czech lands (more than two-thirds of the total) with low or below-average managerial sophistication, for which was developed the above mentioned intensification program. In Slovakia some 60 state farms, or more than 60 percent of the total, were chosen for this program. These programs have become the basis for gradual improvements in machinery, a strengthening of financial resources, the acquisition of apartments and the recruitment of a work force. Nevertheless the established objectives have been only partly realized and there has been no substantial improvement in the managerial performance at most of the state farms with the most serious difficulties.

An inspection of 17 state farms indicated that the existing efficiency-enhancing programs differed in their complexity and rigorousness. A number of measures had been established only as a formality and were being implemented very passively as well. In many instances directors of kraj and okres agricultural administrations, which are directly responsible for state farm operations, had not even set specific tasks or the strategies by which production efficiency was to be enhanced during the Seventh 5-Year Plan. It is logical that under such conditions the affected state farms, despite frequent financial assistance from the state, would continue to find themselves among the enterprises with the worst performance records.

On the basis of these intensification programs preference was given to state farms during the Seventh 5-Year Plan in deliveries of agricultural equipment. This improved their equipment and facilities base and therefore their potential for better utilizing their soil stock. The inspection also indicated, however, that the increased availability of equipment was not always accompanied by a correspondingly increased commitment to the upkeep of this equipment. There is a lack of reinforced and roofed storage facilities for it, or the equipment has been kept in areas used for other purposes. There is frequently a lack either of appropriate repair facilities and/or qualified repairmen.

In more than one of the inspected enterprises and their supervisory agencies there had been no change in attitudes to public financial resources, and mainly to subsidies from the newly created efficiency-enhancement fund. It was not unusual for these funds to show up not in increased efficiency of agricultural production, but rather in financial management as one of the resources for improving economic performance. In these cases the public resources that have been expended have not been used for the proper purpose. In the Central Bohemian Kraj, for instance, where more than Kcs 300 million was allocated for improving production efficiency in 1982-1984, out of 20 state farms with below average management records only 43 were able to use these funds successfully to meet the objective for the critical indicator, actual agricultural production.

One should not make indiscriminate generalizations from the results of this series of inspections by the CSR People's Control Commission. They do, however, underline the necessity for changing the attitudes and, especially, the operating methods of responsible managers. This concerns, after all, one of the most significant objectives of economic policy--accelerating development by increasing the intensity and efficiency of utilization of everything we have available to us.

9276/9312
CSO: 2400/328

ERRATUM: In JPRS-EER-86-091 of 20 June 1986
the following tables were inadvertently
omitted from this article

AGRICULTURE YUGOSLAVIA

ERRATUM: WHEAT PRODUCTION, CONSUMPTION IN SERBIA, SFRY TO 2000

Belgrade EKONOMIKA POLJOPRIVREDE in Serbo-Croatian No 11-12, Nov-Dec 85 pp 808-822

[Excerpt]

Table 48. Projected Per-Capita Consumption of Wheat Flour in the SFRY and the SR of Serbia

(kilograms annually)

Area	Consumption 1980	Projected Consumption 1985	2000
SFRJ	151	145	126
SR Serbia	157	150	131
--Serbia, not including the autonomous provinces	156	148	126
--SAP Kosovo	180	178	167
--SAP Vojvodina	142	135	114

Table 49. Projection of Total Consumption of Wheat Flour in the Food of the Population in the SFRY and the SR of Serbia

(in thousand tons)

Area	Consumption 1980	Projected Consumption 1985	2000
SFRJ	3.372	3.369	3.232
SR Serbia	1.440	1.451	1.427
--Serbia, not including the autonomous provinces	869	874	827
--SAP Kosovo	285	284	327
--SAP Vojvodina	286	293	273

Table 50. Projection of Total Wheat Needs in the SFRY and in the SR of Serbia

(thousand tons)

Area	Needs 1980	Projection of Needs		2000 1980	Rate of Decline (or Increase)
		1985	2000		
SFRJ	5.247	5.148	4.812	91,71	-0,4
SR Serbia	2.341	2.316	2.260	96,54	-0,2
--Serbia, not including the autonomous provinces	1.367	1.354	1.262	92,32	-0,4
--SAP Kosovo	423	429	470	111,11	+0,6
--SAP Vojvodina	551	535	528	95,83	-0,2

Table 51. Total Wheat Needs in 1980 in the SFRY and the SR of Serbia

(thousand tons)

Area	Food of the Population	Seed	Animal Feed and Losses in the Process of Harvesting	Total Needs
SFRJ	4.552	380	315	5.247
SR Serbia	1.935	222	184	2.341
--Sebia, not including the autonomous provinces	1.166	110	91	1.367
--SAP Kosovo	383	22	18	423
--SAP Vojvodina	386	90	75	551

/9716
CSO: 2800/219

ECONOMY BULGARIA

POWER CONSUMPTION DURING 1955-1985 PERIOD EXAMINED

Sofia ENERGETIKA in Bulgarian No 2, 1986 pp 20-25

[Article by Engr Sheli Benatova: "Electricity Consumption in the Nation in the 1955-1985 Period"]

[Text] At the present stage power is one of the main sectors of the economy and to a significant degree determines the development of any country. It is the measure of the achieved standard of living. Power consumption is the basis and the condition for creating national product. Analysis shows that the underdeveloped countries annually consume below 1 ton of standard fuel units [sfu] per inhabitant and under 500 kwh per inhabitant while in the developed countries it is over 3 tons of sfu and around or over 3,000 kwh per inhabitant.

During the 5 years of 1955-1960, Bulgaria crossed the boundary from an underdeveloped country and has moved along the path of building a developed socialist society with high and steady rates. Energy consumption has risen from 0.97 of a ton of sfu in 1955 to 1.43 ton sfu per inhabitant in 1960 while electric power consumption has risen, respectively, from 281 to 596 kwh per inhabitant (Table 1).

Over the first 10 years of the designated period of 1955-1966, the average annual increase of electric consumption was 17 percent, and over the 1965-1970 period 13.7 percent, after which the increases gradually declined to 3.5 percent in the last 5-year period. The conditionally accepted boundary consumption of power and electric power for a developed country was reached by Bulgaria in 1970 with 3.15 tons of sfu per inhabitant and in 1974 with 3,10o kwh per inhabitant.

In 1984, gross electric consumption per inhabitant was 5,250 kwh and in 1985, 5,120 kwh per inhabitant. For determining the specific consumption we have employed data for the average annual population of the country published in the 1985 statistical annual and not the data from the last census which are still not final.

The quantity of consumed energy is a condition for a developed economy but not the measure of its efficiency. This can be judged from national income obtained from the consumption of a unit of energy. The effect from the consumption of energy is influenced by the type and quality of the resources, the share of fuels consumed directly or used for conversion, the degree of electrification of the energy balance, by the economic structure, the climate, the population density, the employed production methods and so forth. Energy under various forms enters into the cost of any product.

Table 1

Consumption of Electric Power and Maximum Load in Power System

Year	---------Gross Electric Power Consumption--------			Maximum load, megawatts
	Million kwh	Average annual increase over 5 years, %	kwh/inhabitant	
1955	2,106	20.8	281	346
1960	4,685	17.3	596	808
1965	10,232	16.9	1,246	1,591
1970	19,407	13.7	2,286	3,295
1975	28,860	8.8	3,320	5,000
1980	38,607	6.0	4,360	6,922
1981	40,375	4.4*	4,540	7,169
1982	43,104	6.8*	4,834	7,393
1983	45,010	4.4*	5,030	7,805
1984	47,071	4.6*	5,250	7,973
1985	45,922	-2.5* 3.5	5,120	8,024

*Annual increase.

The growth of national income, total energy consumption and the consumption of electric power can be traced by indices with 1957 accepted as the base (Fig. 1). An analysis of the data shows a constant rise in national income, increasing by 6.9-fold over the 1957-1985 period. Prior to 1975, the increase in total energy consumption was proportional to the growth of national income, while after this, as a result of the national program for saving fuel and energy and the substantial structural changes in the overall energy balance, the rates were lower and in 1985 it had increased by 5.3-fold in comparison with 1957.

In the same period, electric consumption rose at a much higher rate and in 1984 was 17.6-fold higher than in 1957. In 1985 alone out of the entire designated period a negative increase was noted of 2.5 percent, but the data for this year will be examined more thoroughly.

The more rapid growth of electric consumption in comparison with overall power consumption is also illustrated by the increase in the coefficient of electrification (Fig. 2) which rose from 288 kwh per ton of sfu in 1955 to over 1,000 in 1984.

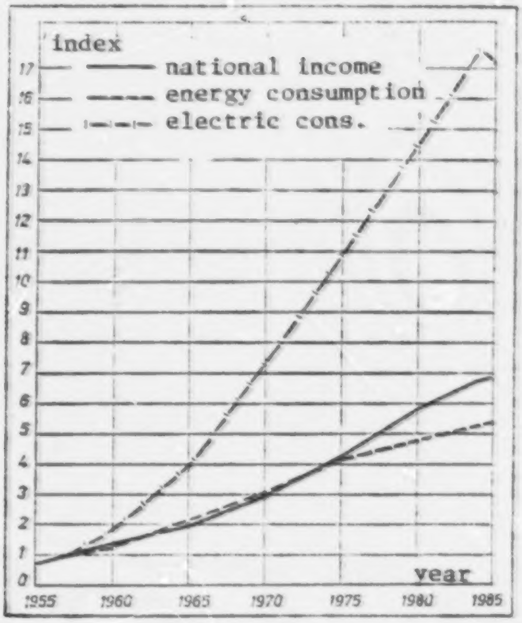

Fig. 1. Indices of National Income, Total Energy Consumption and Electricity Consumption With a Base of 1957

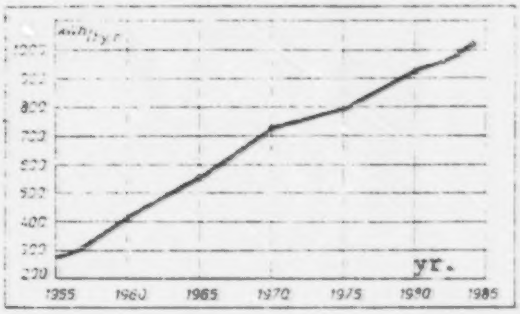

Fig. 2. Coefficient of Electrification

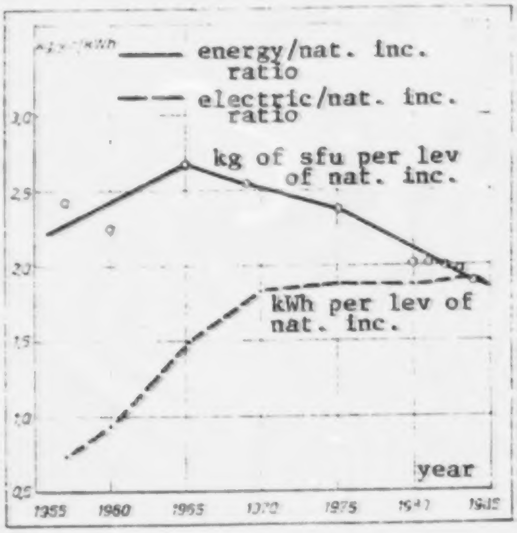

Fig. 3. Rate of Power and Electric Utilization per Unit of National Income in 1970 Prices

The consumption of power and electricity for creating a unit of national income in 1970 prices can be traced in Fig. 3. Several stages are characteristic of these indicators. For the period up to 1975, power consumption per lev of national income was around 2.5 kg of sfu, after which it fell to 2 in 1980 and under 1.9 in the last 2 years. Prior to 1970, the consumption of electric power per lev of national income increased constantly from 0.74 kwh in 1957 to 1.84 in 1970, after which the changes were smaller and this did not exceed 1.93 kwh per lev of national income.

Gross electric power consumption in the main economic sectors and the utility-household sector is characterized by relative and absolute increases. Over the 1955-1984 period, this rose by 22.4 times, effective consumption (minus the losses in the power networks and the in-house needs of the plants) by 23.4-fold, in industry by 19.3, in industry along with other consumers by 20.4, in construction by 20.2, in agriculture and forestry by 17.1, in transport and communications by 25.9, and in the utility-household sector by 32.7; the population was provided with 45.8-fold more electric power (Table 2).

Table 2

Electric Power Consumption by Sectors, million kwh

Sector	Years							
	1955	1960	1965	1970	1975	1980	1982	1984
Total consumption in nation	2106	4685	10232	19407	28860	38667	43105	47071
In-house needs of plants	166	317	1047	2190	2991	3632	4190	4661
Losses in electric networks	312	6378	786	1448	2276	3454	3888	4301
Effective consumption	1628	3731	839	15769	23593	31581	35027	38109
Including:								
Industry	1055	2491	5555	10735	14305	17502	19202	20375
Construction	61	74	135	236	425	932	938	1233
Agriculture and forestry	70	164	455	675	955	1115	1139	1197
Transport and communications	52	96	253	483	806	1111	1259	1347
Utility-household sector	390	906	2001	3333	6470	10256	11631	12767
Including: Population	206	530	1180	2468	4588	6844	8105	9444
Street lighting	12	33	44	130	245	387	437	381

Regardless of the declining rates, the most characteristic pattern of overall electric consumption over the last 20 years, with the exception of 1985, has been the steadiness of the absolute annual increase amounting to around 1.9 billion kwh.

Consumption of electric power in the industrial sectors is characterized by the same patterns. Greater than average growth can be found in ferrous metallurgy, machine building and metalworking and the chemical industry (Table 3).

Table 3

Electric Power Consumption in Industrial Sectors, million kwh

Sector	Years							
	1955	1960	1965	1970	1975	1980	1982	1984
Fuel industry	81	146	410	1192	1605	1729	2042	2310
Ferrous metallurgy	28	115	442	1520	2104	2325	2487	2845
Nonferrous metallurgy	165	437	977	1257	1360	1474	1772	1869
Machine building and metalworking	112	326	537	920	1478	2138	2333	2512
Chemical industry	214	504	1461	2857	3654	4337	4753	5011
Materials	97	219	443	671	897	1140	1188	1262
Lumber and pulp-paper industry	77	124	325	481	740	884	937	980
Textile industry	135	253	355	515	619	769	777	805
Food industry	86	212	421	669	864	1197	1411	1425
Others*	60	155	184	653	984	1509	1502	1356
Total industry	1055	2491	5555	10735	14305	17502	19202	20375

* "Others" includes the following sectors: electric power and thermal energy, glass and porcelain, garment, footwear and leather-fur, printing, local and cooperative industry, each of which had a consumption under 500 million kwh in 1984.

Prior to 1966, industry developed rapidly. The rapid increase in electric consumption in all sectors outstripped the growth rate of the power plants and power restrictions were often required in the power system. The periods of 1966-1973 and 1975-1984 were characterized by normal electric supply with insignificant partial restrictions only on individual days of the year. In 1973 and 1974, the capacity shortage was significant and the restrictions reached up to 500 megawatts (around 10 percent of the maximum load). A staggered work week was introduced in various sectors. After the completion of capacity at the Kozloduy AETs [nuclear power plant] and later capacity at other plants, electric supply was normalized.

During the 1960's, a world energy crisis developed and this has now involved the entire world. Many countries have frequently experienced a shortage of electric power and fuel. Various restrictions have been introduced, both technical and economic. During this period, due to the prompt completion of capacity, the long-term agreements for fuel deliveries, the presence of reserve capacity and comparatively good operation, Bulgaria has not felt a shortage of electric power. There were disturbances only on several days in the year with bad natural conditions or emergencies.

At the end of 1984 and in all of 1985, normal electric supply for the nation was disrupted. The restrictions during certain months exceeded 1,000-1,500 megawatts. The reasons are known and are not examined in detail here, except for the more important of them which have had a lasting influence on normal power supply. These have been: a slowdown in the completion of new capacity, physical wear and obsolescence of a large amount of energy equipment and certain operating factors combined with the difficult natural conditions. Aside from these factors, the heating of housing, public and production buildings and trade facilities plays a crucial role for power supply.

The analysis made of the electric loads and electric consumption over the last 20 years shows a significant change in the nature of the annual load diagram of the electric power system, chiefly as a result of the increased share of electric power consumed for heating.

In the 1960's, oil was the most widely consumed heating fuel both in residences as well as in enterprises and institutions. In 1970, certain partial limitations were imposed on the use of oil-fired furnaces in the public sector. In subsequent years, these limitations were broadened and after two increases in the price of oil, it was largely replaced by electric power. This has led to a constant rise in the winter loads and a decline in the relative share of the summer ones. Prior to 1969, the summer loads were equal or greater than the preceding winter ones but after this the reverse pattern was observed. In 1970, the lowest summer maximum load was 80 percent of the maximum winter one, in 1975, it was 75 percent and in 1983, only 65 percent. (In 1984 and 1985, it was 67-68 percent; see Fig. 4.)

This phenomenon which is specific to our electric power system has created exceptional strain in covering the maximum winter loads.

Electric power is measured by consumers and not according to purpose and for this reason the quantities used for heating are determined theoretically and are of an approximate nature. But they are sufficiently accurate for the conclusions which are drawn. Theoretical calculations show that while prior to 1970 around 200 million kwh was consumed for heating and this was 1 percent of the total annual consumption, in 1975, the figures were 1.6 billion kwh or 5.6 percent, in 1980, around 4 billion or

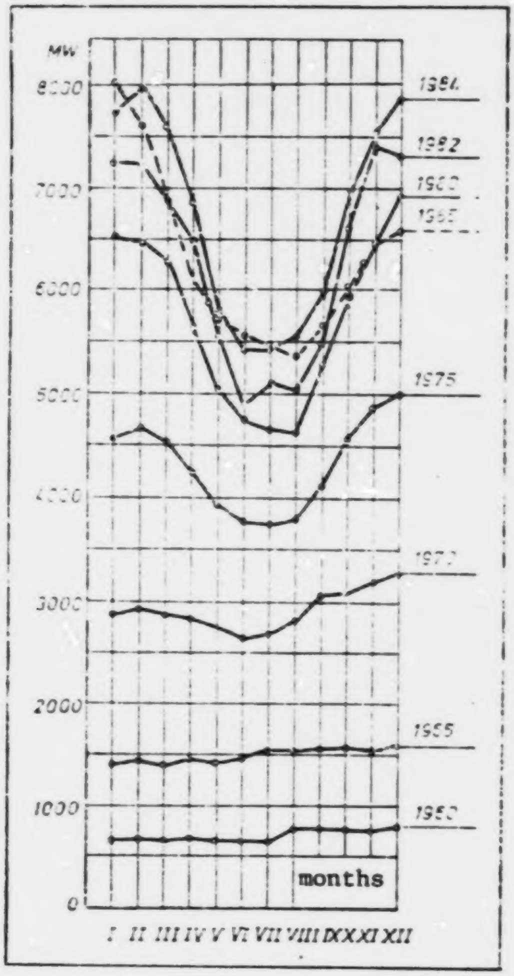

Fig. 4. Maximum Monthly Loads

10.3 percent, in 1982, 4.6 billion or 10.7 percent and in 1984, over 5 billion or around 11 percent. While electric power for heating is 10-11 percent of annual consumption, during the winter season its share doubles and in the cold winter months and days exceeds 30 percent. The figures are analogous also for loads and on-line capacity. Consequently, of the total maximum load in the 1984-1985 winter season of around 8,000 megawatts, 30 percent or 2,400 megawatts was the heating load.

The power system operates depending upon a random consumer who is influenced solely by the vicissitudes of the weather. A cold snap of 10 degrees can raise the load by 300-500 megawatts in a 24-hour period. The summer drop in the loads in other countries of the OES [Unified Power System] does not exceed 15-20 percent while in our country it reaches 35 percent. In addition in the other countries there are high-grade coals, natural or fuel gas and liquid fuels for heating, or the share of centralized heating is greater.

Our country does not possess high-grade coal for the needs of the utility-household sector, natural gas is made available completely for industry, oil is limited and its price has risen significantly while only 12.5 percent of the population has centralized heating. With this situation the population and the public secercent of
the population has centralized heating. With this situation the population
and the public seche way out of this
situation?

All scientific forecasts on the questions of utility and household power in which heating plays the main role indicate that the most economic structure of heating sources is not a structure with a predominant share of electric power but rather one where all available sources are accessible the degree of centralized heat supply is increased but also a significant amount of oil is supplied annually at prices lower than the corresponding energy equivalent of electric power and equal to the price of thermal power. The use of economic levers without providing high-quality fuels does not solve the question and places citizens without centralized heating in a socially unequal position.

This is the way for solving the heating problem and this determines both normal electric supply as well as the fulfillment of the program for the standard of living.

In 1985, electric consumption was 45.9 billion kwh or 1.16 billion less than 1984. The restrictions and load limits occurred during the entire year. In spite of the disruption of electric supply in the entire production sphere, national income rose by 1.8 percent, social labor productivity by 2 percent, while the produced commodity product in machine building rose by 12.3 percent, in chemistry by 3.4 percent, in transport by 2 percent, in the NAPS [national agroindustrial union] by 2 percent while production and trade of consumer goods rose by 3 percent.

These data indicate that in electric consumption in all spheres there are reserves in the area of more rational utilization and that the presence of sufficient electric power in the last decade has led to waste which has still not been eliminated.

The installed production capacity in the nation by the end of 1985 reached 10,240 megawatts. Of this amount, 17.2 percent came from AETs, 19.3 from VETs [hydropower plant] and 63.5 percent from TETs [thermal power plant], including 10 percent from TETs fired by gas and mazut just in the central heating plants for the combined production of electric and thermal power, 19.5 percent in plants fired with imported coal and 34 percent in plants operating on local coal (Fig. 5).

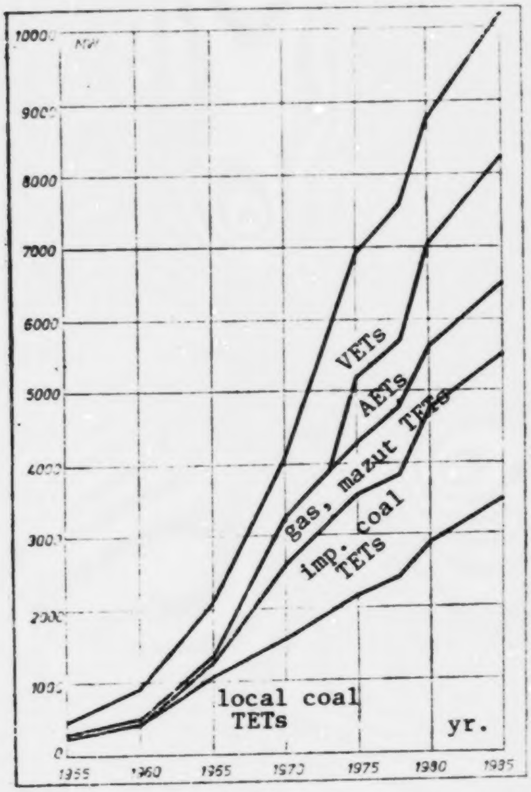

Fig. 5. Installed Capacity

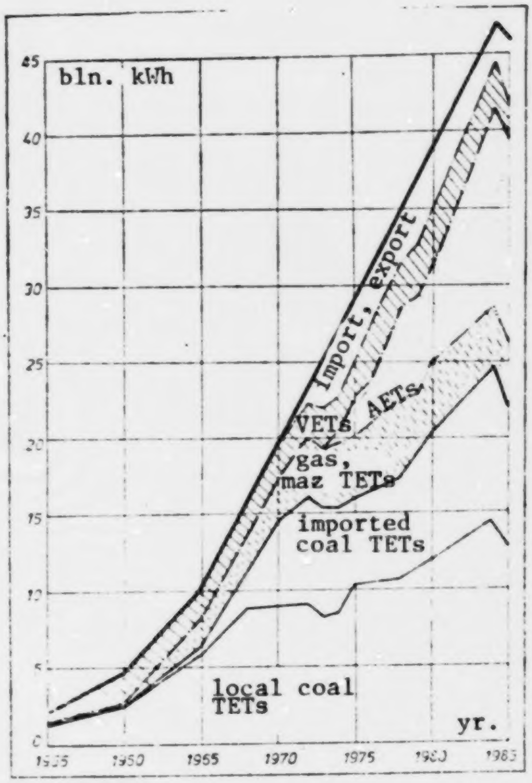

Fig. 6. Production and Consumption of Electric Power

During the examined period structural and qualitative changes have occurred. From 1960, the first capacity went into operation at the Maritsa-Iztok Complex, as of 1964, capacity operating on imported coal and from 1974, capacity at the Kozloduy AETs. After 1960, when the share of the VETs was 50 percent, a decline began in their proportional participation and by 1970 this had stabilized at around 20 percent. This was due both to the depletion of efficient hydropower resources as well as to the reduction in the peak portion of the loads due to the increase in the main and subpeak loads.

The introduction of new capacity has been characterized by the increased size of the units and the greater capacity of the plants as well as by the introduction of new, more advanced technologies and technical designs.

The production of electric power has grown at an analogous pace with consumption, while structural changes have followed the course of the change in capacity (Table 4).

Since 1971, a significant portion, up to 10 percent, of consumption has been satisfied by imports. From 1975, the power system has also exported 2-3 percent of the nation's consumption. In 1985, the Kozloduy AETs provided 31.6 percent of the total production in the nation. Because of the drought, the hydropower plants have provided only 5.4 percent, in producing 2,236,000,000 kwh which is 60 percent of the largest production realized hithertofore in 1980 of 3,713,000,000 kwh. The thermal power plants provide 63 percent, respectively, 31 percent using local coals, 22.6 with imported and 9.4 with gas and mazut (Fig. 6).

Table 4

Production of Electric Power, million kwh

Year	--------Thermal Power Plants---------				VETs	AETs	Total for Nation
	Local Coal	Imported Coal	Gas and Mazut	Total TETs			
1955	1386	--	39	1425	648	--	2073
1960	2575	--	193	2768	1889	--	4657
1965	5959	665	1619	8243	2005	--	10248
1970	9049	5563	2745	17357	2158	--	19515
1975	10457	5709	4064	20230	2453	2554	25237
1980	11740	8017	5200	24957	2713	6165	34835
1981	11200	8180	4855	24235	3618	9119	36972
1982	12350	9314	5000	26664	3049	10745	40458
1983	13710	9462	3780	26952	3351	12318	42621
1984	14460	10370	3852	28682	3260	12735	44677
1985	12890	9400	3964	26254	2236	13131	41621

The plants in the Maritsa-Iztok plants produced 20 percent of the total production and 65 percent of this at the TETs fired by local coals. In recent years, six power plants (three from the Maritsa-Iztok Complex, the Bobov Dol TETs, the Varna TETs and the AETs, have produced around 75 percent of the total production. Around 10 percent has been provided by the central heating plants under the Ministry of Power and the same amount at industrial plant installations.

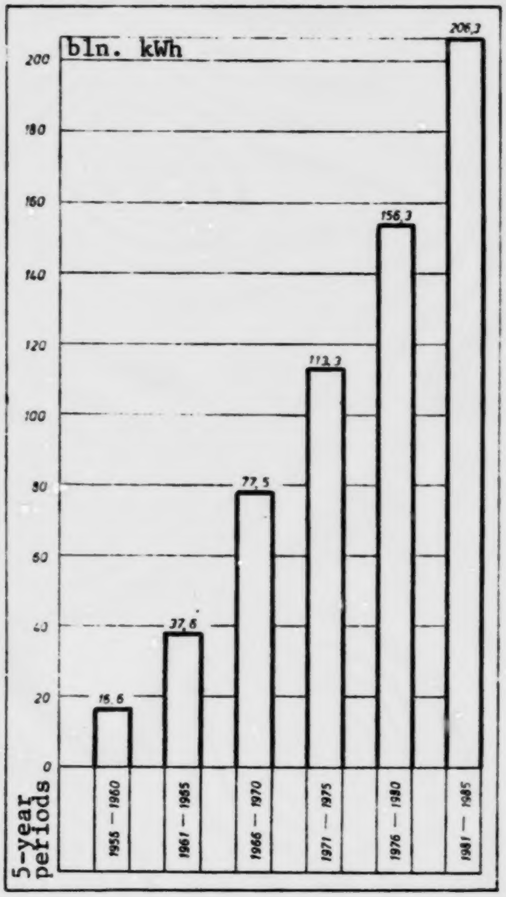

Fig. 7. Total Electric Production by 5-Year Periods

Total production in the nation by 5-year periods is shown in Fig. 7. Over the 3 decades, 607.6 billion kwh have been produced, with 206.3 billion in the last 5-year period alone. From the beginning of its operation in 1974 until the end of 1985, the AETs has produced 90.66 billion kwh, including 58,048,000,000 in the last 5-year period and this was 28.1 percent of the total production in the nation.

Certain data concerning electric consumption and electric production in the European countries, according to the materials of the UN Economic Commission for Europe, have been systematized in Table 5. Electric consumption per inhabitant is determined for net production after subtracting the in-house needs of the power plants. Bulgaria with 4,733 kwh per inhabitant (with a gross of 5,250 kwh) is higher than average for Europe and is in the group of Austria, Belgium, France, Denmark, the USSR, the CSSR, Great Britain and Holland which are within the limits of from 5,165 to 4,430 kwh per inhabitant.

In the 16 European nations there are nuclear plants which produce 16.7 percent of the total net European production of electric power. France has the highest share of nuclear power with 58.7 percent, followed by Belgium with 50.8 percent, Finland with 41.1 percent, Sweden with 40.3 percent and Switzerland with 35.4 percent. Bulgaria with a share of 29.4 percent for net production and 28.6 percent for gross is in sixth place.

Table 5

Data for European Nations and World Average for 1984

Country	Consumption, kwh/inhabitant, minus in-house needs of plants	Net production, GWh	Share of AETs of total net production, %
Norway	23381	105646	--
Iceland	16188	3885	--
Sweden	14410	120597	40.3
Luxembourg	10494	864	--
Finland	9942	43311	41.1
Switzerland	6726	49152	35.4
FRG	6095	371362	23.6
GDR	5937	98781	10.7
Austria	5165	42382	--
Belgium	5151	51850	50.8
France	5138	309758	58.7
Denmark	5103	21185	--
USSR	4990	1392762	9.5
Czechoslovakia	4876	72652	9.2
Bulgaria	4733	40016	29.4
Great Britain	4631	264220	17.9
Netherlands	4430	60400	5.8
Italy	3335	173440	3.9
Poland	3275	24124	--
Hungary	3223	24124	14.6
Romania	2984	73000	--
Ireland	2961	11036	--
Spain	2935	119786	19.3
Yugoslavia	2872	68141	6.2
Greece	2589	23070	--
Portugal	1969	19367	--
Malta	1803	685	--
Cyprus	1800	1188	--
Albania	750*	. . . .	--
Turkey	650	28725	--
Average for Europe	4500		16.7
Average for Europe without USSR	4300		21.3
World Average	1885		

*Estimate.

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CAPITAL INVESTMENT PLAN 1986 ANNOUNCED

Prague INVESTICNI VYSTAVBA IN Czech No 2, 1986 pp 35-38

[Article by Eng Dezider Vasak: "The Capital Investment Plan for 1986"]

[Text] The capital investment plan for 1986 was drawn up based on the overall strategy for the Eighth 5-Year Plan. As such its objectives are to facilitate a gradual change in the targeting of investments in the direction of the most important priorities of national economic development, and to contribute to the intensification of the capital replacement process. Investments generally, and overall capital asset replacement for the Eighth 5-Year Plan are pursuing the following main objectives;

—assuring that investments and the overall capital replacement process are as efficient as possible;

—seeing to it that existing facilities are utilized fully and modernized when feasible;

—facilitating needed structural changes at the internal sectoral and intersectoral levels;

—the effective administration of state priority programs (SCP) and R&D applications;

—providing key facilities for the infrastructure, the social program, and for environmental protection;

—reducing the large amount of noncompleted construction and creating the conditions for completing construction projects within established schedules.

The investment plan for 1986 may be considered the beginning of accelerated changes in the implementation of the strategy of the Eighth 5-Year Plan. Positive trends are already evident in the allocation of investment resources, especially for machinery and equipment not included in the construction budget [SZNR], and in part also in the figures for industrial construction project start-ups, which have been reduced in conjunction with efforts to increase the percentage of modernization and reconstruction projects. The fuel and power conservation program is meeting with considerable success, and investment projects related to the practical application of the results of the state R&D program are also proceeding more satisfactorily. We are devoting considerable attention to investments aimed at improving the environment. It must be stated however, that at present neither direct nor central investors are applying enough pressure for conceptual clarity, design preparation, or on documenting effeciency calculations for these progressive types of investment projects.

One of the basic problems in preparing the 1986 plan was the formulation of an appropriate level for construction starts and related targets for reducing the excessive level of uncompleted projects.

Concentrated pressure from investors for the beginning of new construction projects has forced us to postpone for now the possibility of dealing with the problem of uncompleted projects until the end of the Eighth 5-Year Plan, or into the next plan.

When negotiating supply contracts priority has been given to those facilities and projects slated for completion in 1986 and the remaining years of the Eighth 5-Year Plan, and in particular production facilities needed to fulfill the production targets for the Eighth 5-Year Plan.

In the area of capital asset replacement efforts will be made to speed up the retirement of fixed machinery assets, particularly at obsolete production facilities, to better utilize existing capital assets, to bring the capital stock at recently completed facilities up to its design parameters more rapidly than is now the case and, by the better utilization of modern facilities, make a contribution to reducing the capital intensiveness of production in industry, construction and agriculture.

Scope of Investment in 1986

In conjunction with the accepted strategy for the Eighth 5-Year Plan and to increase the efficiency of capital investment and the entire capital replacement process, the 1986 plan projects a moderate decline in the level of investment as a percentage of consumed national income, from 27.8 percent in 1985 (expected figure) to 26.6 percent in 1986. The determining factor here is limited construction resources. This means that even if production and deliveries for investment projects increase more rapidly than planned (from the general engineering and electrotechnical sectors) and imports increase as well, we will be able to expect only a small increase in the total volume of investments in 1986 (Table 1).

Table I

Indicator—in billion Kcs in 1986 prices	1985 Expected	1986 Planned	Index
Total investment volume	165.6	167.1	100.9
—construction work	98.2	91.9	93.6
—machinery and equipment	67.4	75.2	111.5
Investments by category			
—total at regulated projects	84.5	82.7	97.8
including: machinery and equipment	19.1	21.3	111.5
—SZNR	48.3	54.0	111.8
—comprehensive apartment construction and Project Z	32.8	30.4	92.7
Reserve (of total)	2.2	6.0	272.7

It must, however, be stated that the 1986 plan represents an increase in planned investment volume over the levels in the 1985 plan of 3.6 percent. It is expected that planned investment volumes for 1985 will be exceeded by Kcs 4-5 billion, almost Kcs 4 billion of which will come from agriculture.

Overall higher deliveries of machinery and equipment will make it possible to implement a significant structural change in investments for improving modernization and reconstruction, which will in turn increase the utilization rate of the capital stock (Table II).

Table II

	1985 Expected	1986 Plan	Index
Machinery and equipment as percentage of total investments	40.7	45.0	110.6
Machinery and equipment as percentage of construction projects	22.6	26.8	114.2

The 1986 investment plan provides for the creation of work volumes and delivery reserves, in order to cover foreign currency repayable loans, for the material coverage of resources generated by financial and economic mechanisms in foreign trade (KCS 1.5 billion), to cover additional modernization projects as dictated by calculations of necessity and overall efficiency for the national economy, to provide additional production, especially for export, to improve supplies to the domestic market, etc. Some of these reserves will be used to retrofit the construction sector to meet its export tasks.

Plans are to use these reserves mainly to support the development of the technologically advanced sectors of heavy and general engineering and electrotechnology, the development of specialty chemical programs, the modernization of selected sectors of the consumer goods and foodstuff industries.

Structure of Investments--Increasing the Share of Progressive Investment Projects

In an environment when only small annual increases in investment volume can be expected great demands are placed on optimizing the structure of investments. The future will see a further moderate increase in the importance of the production sphere for the allocation of investment resources. This follows on the implementation of a number of investment intensive programs in the Seventh 5-Year Plan, especially in industry. In addition to a gradual increase in the amount of work and deliveries performed at nuclear power plants, further improvements will also be made in the heat generation division of the fuel and power sector. This will involve contributions from other participating sectors and branches according to the construction contracts for the projects in question. Progress continues in fuel and power conservation, with the objective of conserving 3 million tons of standard fuel annually. A total of Kcs 2.5 billion will be invested in 1986 on state priority program 02. The greatest increase in investment in the engineering sectors will be in the electrotechnical industry. All engineering sectors and other sectors of processing industries will be expected to use greater initiative in drawing on foreign currency repayable loans (within the context of central reserves). Access to new reserves will be tied to incentives for foreign trade performance and for supplementary, single purpose machines. Within the industrial ministries the share of investment resources allocated to the chemical industry will increase, especially in relation to the implementation of state priority program 09 for selected chemical products, at the same time that there will be a small decline in investments in the timber processing and light industrial sectors.

Tables IIIa and IIIb show the structure of investments for industry and the national economy as a whole.

Table IIIa

	1985 Plan (%)	1985 Expected (%)	1986 Plan (%)
Industry total (excluding reserves)	100.0	100.0	100.0
composed of:			
fuel and power	35.9	34.0	34.6
including nuclear power	9.8	8.4	8.2
metallurgy and ores	6.6	6.6	6.1
heavy engineering	8.2	7.9	7.1
general engineering	12.6	12.8	12.7
electrotechnical industry	5.8	5.8	6.5
chemical industry	6.0	6.6	8.4
timber processing industry	3.6	4.0	3.3
light industry	8.0	8.3	7.7
foodstuff industry	8.2	9.0	8.7

Table IIIb

	1985 Plan (%)	1985 Expected (%)	1986 Plan (%)
National economy total	100.0	100.0	100.0
composed of:			
industry	35.8	35.2	34.7
construction output	2.1	2.0	2.1
agriculture	12.0	13.3	11.6
production sphere reserves	1.4	1.3	4.0
production sphere total	64.2	64.5	66.1
nonproduction sphere	35.8	35.5	33.9

The investment volume reserve for 1986 of Kcs 6 billion (4 percent of total investment) is allocated by this program to the production sphere. In addition to funding the equipping of the construction industry to export construction facilities it will be used primarily for investments in industry. This means that industrial investments as a percentage of total investments should be 37-38 percent in 1986.

Allocating the available reserves to specific sectors will increase the shares of overall investment of the following sectors: engineering and the electrotechnical industry, the chemical, light, wood processing and, partially, the foodstuff industry.

The percentage of all projects devoted to modernization and reconstruction may be monitored by the SZNR figure. For 1986 some 75-80 percent of all projects will be concerned with modernization and reconstruction in the industrial sectors (excluding fuel and power). Of this total some 45 percent is accounted for by modernization, which makes greater contributions to efficiency and to conservation.

Noncompleted Construction and Construction Starts

One of the basic objectives for the Eighth 5-Year Plan is to reduce noncompleted construction to a level that will make it possible to complete projects within the planned construction schedule for that project. This will make it possible to put facilities into operation and to complete construction projects within deadlines not only for important projects but also for centralized projects, other projects, and for comprehensive housing construction. To fulfill this objective we must reduce outstanding balances in the budgeted cost accounts (RN) for projects, reduce the number of projects that are not completed, and shorten the average construction period over the course of the Eighth 5-Year Plan by 15-25 percent.

The directives for the draft of the Eighth 5-Year Plan provided for a reduction in noncompleted projects by limiting new construction starts to a volume of Kcs 70 billion annually. We must state that the greatest problems and pressures are focused on construction starts. Because a number of projects require investments in new areas, the results of which in production, exports, etc. should be available before the end of the Eighth 5-Year Plan, the plan for 1986 provides for Kcs 8.4 billion additional in construction starts over and above the directive. This would result in a decline in outstanding budgeted cost balances of only Kcs 3-4 billion (about 2 percent). The development of uncompleted projects is shown in Table IV.

Table IV

	1985		1986
	Plan	Expected	Draft
volume of work and deliveries	83.0	84.5	82.7
budgeted costs of construction starts	78.7	83.3	78.4
balance of changes in budgeted costs	12.1	11.9	0.8
outstanding budgeted cost balances as of 31 Dec	174.7	174.6	171.2
uncompleted construction as of 31 Dec	143.3	158.5	147.2

In addition to pressures for starting construction projects another risk is the low level of reserves for cost overruns on construction projects (Kcs 0.8 billion, while average annual increase in budgeted costs has been Kcs 3 billion for the Seventh 5-Year Plan). It will therefore be necessary to adhere to the planned objective that every increase in the budgeted cost of a construction project over and above the reserve amount be deducted from the potential volume of construction starts.

Reducing noncompleted construction projects by further limiting construction starts is one of the main strategies for dealing with the current high level of uncompleted construction projects, especially in view of the decline in projected volume of work and deliveries at all construction projects slated for 1986. This decline is still open to verification, especially since it may be affected by decree No 37/1983.

The plan for construction starts seeks to fulfill more consistently the programmed purpose of investments, above all by implementing effective programs, especially state priority program 02, the electronization program, assuring the practical application of R&D findings, improving the export performance of the economy, improving ecological relationships, etc. Effective modernization and reconstruction projects are given priority in any event over construction starts.

In the fuel and power sector plans for 1986 include the initial phases of work on the Temelin nuclear power plant, line portion No 4 of a branch of the transit gas pipeline, further work on quarries, and mines at special purpose projects and at mine works, and several heating plant projects. In the engineering sectors, including electrotechnology, the main facilities undergoing reconstruction include the Mlada Boleslav Automotive Plants, national enterprise, the turboalternator plant at Plzen Skoda, the Saris plant of Ceskomoravksa-Kolben-Danek, the construction and rebuilding of Tesla plants, Machinery and Automation Plants [ZPA] and others. Important export oriented and efficiency enhancing projects of the ministries of industry of the CSR and SSR include hydrocracking facilities in Litvinov and Bratislava, synate chemistry facilities and the Kolin Lenin Works, and other projects related to speciality chemicals. Food industry projects include freezing plants at Olomouc and Kezmarok and a sugar plant at Kopidlno. The processing industry has plans for starting a number of other, smaller, modernization and reconstruction projects and projects to protect the environment. Industry (excluding fuel and power) plans for 1986 include the beginning of 52 projects with budgeted costs totalling Kcs 13.3 billion; 50 percent of these involve modernization or reconstruction. These projects will produce about Kcs 1.9 billion of goods for export to socialist countries and some Kcs 4 billion for export to nonsocialist countries, and production increases to replace currently imported items of some Kcs 1.8 billion annually.

Other figures describing the economic efficiency of construction projects slated to be started in 1986 are promising in relation to overall capital asset replacement.

Programs and investment projects slated to be started in 1986 have been strictly evaluated based on their effectiveness and contributions to the national economy. When priorities were assigned, preference was given to projects from effective state priority programs, R&D projects and projects related to ecology. Production projects were chosen based on their potential for generating exports and enhancing the efficiency of imports.

Within the context of state priority program 02 the startup is urged for 1986 of 10 projects with total budgeted costs of Kcs 589 million. Other projects are included in the limit on start-ups within the context of other construction projects (Kcs 749 million). Within the context of SZNR almost Kcs 1.1 billion of investment is projected for state priority project 02. Fuel and power conservation within state priority program 02 will be determined according to the guidelines.

The plan for specified projects includes nine projects with budgeted costs of Kcs 967 million that are related to the practical implementation of R&D findings. In addition the practical application of R&D work is assured within the context of other construction projects and within the framework of SZNR. This is a matter only of projects that provide for the application of specific outputs of the state R&D plan. They do not include, in other words, all outputs of the R&D programs, especially a number of large programs (nuclear power, special techniques, deliveries of computer technology, etc.).

The rapid practical application of R&D findings is of critical importance for the intensification of the capital replacement process. The speed with which this is accomplished has direct bearing on the relationship between the R&D plan and the capital investment plan. So far there has not been the needed cooperation between divisions that plan R&D and investment divisions from enterprises all the way up through central agencies. The result is the situation in which, throughout R&D divisions, investment projects are currently proposed for generating R&D findings which direct or indirect investors know little of, or the efficiency of which cannot be reliably measured.

To correct this situation we must see to it that when R&D tasks are assigned more care is taken in specifying the needed investments, and that special care be taken to make full use of existing space, or of facilities that might be convertible.

The investment plan for facilities related to environmental protection for 1986 is based on the investment program approved for the Eighth 5-Year Plan. Those projects will be implemented which protect water quality and remove solid wastes. Construction valued at Kcs 1.9 billion will be performed on projects carried over from the Seventh 5-Year Plan. Construction will be started on Kcs 1.4 billion of projects. The overall volume of environmentally related investments scheduled to be implemented in 1986 amounts to Kcs 2.15 billion. The plan provides the preconditions for the fulfillment of the specified program, including the most important projects which will have to be handled at the level of the sector or economic production unit [VHJ], despite the fact that serious problems persist in preparations for and the execution of environmentally related projects.

The list of specific projects ready to be started in 1986 included projects that have been fully designed and contracted for. Exceptions include certain important parts of the automotive vehicle program, the heat generation program, preparatory activities for the Temelin nuclear plant, and ecological projects for which initial approval is expected in the first quarter of 1986.

Of the total limit for construction start-ups in 1986 (Kcs 78 billion) 47 percent (budgeted costs of Kcs 36.8 billion) are specifically named in the state plan as 120 individual projects (75 percent of which are for industry). In comparison with the Seventh 5-Year Plan there is a substantial increase in the percentage of large, specifically named construction projects in the state plan. This has come about because of pressure from central agencies for the implementation of large, complicated projects executed as binding tasks of the state plan, and in some cases as centralized construction projects. This reduces the opportunity for decisionmaking at lower levels of management concerning the start of smaller, progressive modernization and reconstruction projects, projects involving very little construction work, and projects with a rapid payback period. We will have to deal with this problem in the course of the year and explore possibilities for replacing large, centralized construction projects for small, progressive projects that can be completed quickly and which have a rapid payback period.

Contract Assurance

Reducing the amount of uncompleted construction projects is intended gradually to bring into balance our requirements for capital investment and the resources of our construction sector and the availability of machinery and equipment. Contractual commitments for the proposed volume of investment for 1986 have been verified for all uncompleted and recently begun construction projects as well as in aggregate figures for selected branches.

In comparison with recent years the level of contractual commitments to binding construction projects improved for 1986. At uncompleted projects commitments were made of work and deliveries that met the requirements of investors in terms of the construction schedules and planned completion targets.

Contracts have been signed for at least the planned amount of construction work, Kcs 92 billion, which is made up of Kcs 65 billion from contracting construction firms and Kcs 27 billion from nonconstruction organizations and imports. Construction organizations from the CSR will perform Kcs 40 billion of this work, while organizations of the SSR will perform Kcs 25.2 billion of work (with a reserve available of some Kcs 0.3 billion). The investment plan contains a decline in the performance of construction work from nonconstruction organizations, and it will therefore be necessary to monitor the use of nonconstruction organizations in 1986 and to identify these deliveries, especially in conjunction with differences in the statistical reporting of construction work by contracting and nonconstruction organizations that appear in investor and contractor statistical reports.

Contracts have been signed to cover all uncompleted tasks and binding tasks of the state plan which have been started.

The needed equipment is being obtained through deliveries from the Federal Ministry of General Engineering, the Federal Ministry of the Electrotechnical Industry, and through imports from nonsocialist and socialist countries. The most serious problem remains deliveries from the Federal Ministry of Metallurgy and Heavy Engineering [FMHTS], which are currently expected to remain in 1985 levels in 1986 (because certain waivers have expired on the reporting of the volume of work performed and deliveries made).

In order to deal with the current high level of uncompleted projects it will be necessary to continue to make efforts to restructure our construction firms so that they can better handle finish work, deal with shortages in certain professions and in deliveries of certain hard to obtain items, and to correct problems in assembly work.

Construction Completion, Capital Replacement Relations

Construction projects that have been established as binding state plan tasks for 1986 include 78 facilities that will be put into provisional operation. Of these 55 are production facilities and 23 nonproduction. The production related projects include:

-- in the fuel and power sector, in addition to units 2 and 3 at the Dukovany nuclear power plant, the continuation of projects at the Chabarovice, CSA and Jiri open pit mines (increases in extraction) and at the Druzba and Merkur mines (maintaining extraction levels). Also included are hot water sources and feeders, dormitories and emergency service housing at the Mochovce nuclear power plant, etc;

-- in the metallurgy and heavy engineering sector operations will begin at facilities that make a significant contribution to exports or to enhancing the efficiency of imports, such as the Kladno Medium Fine Rolling Mill, the Kraluv Dvur Cold Rolling Mill KZ, the Rokycany Kovohute Nickel Alloy Rolling Mill, an increase in the production of aluminum oxide at Ziar and Jronom, a production-technical building for semiconductors at the Prague plant of Ceskomoravska-Kolben-Danek, as well as projects involving the processing of secondary raw materials, such as a crushing line at Tlumacov Kovosrot, for the processing of lead wastes at Pribram Kovohute, the rebuilding of the tin-stripping facility at Brno Kovosrot and other projects;

-- in general engineering projects at subassembly divisions and the heating plant of Brno Zetor;

-- in the electrotechnical industry projects include electron lithography at Brno Tesla, the production of Slavkov mezamatic drives, the expansion of halls at Roznov Tesla and Piestany Tesla; still undecided is the size of the facilities to be started up in 1986 at the Mohelnice and Michalovce Moravian Electrotechnical Plants;

-- in the national sectors operations will begin at other projects that can make a contribution to exports, such as chemical and diagnostic preparations at Brno Lacheme, Karlovy Vary porcelan, the Dvory Plants, the Nymburk malt factory, the KRPAP Carbonless Paper factories at Hostinne, and others.

The production facilities slated to begin operations in 1986 should gradually help to increase exports to socialist countries by Kcs 2.6 billion in all charges paid prices, and an increase of Kcs 1.2 billion to nonsocialist countries, and an increase in production to replace imports of about Kcs 300 million annually

At completed facilities it is necessary to speed up the breaking in period and get them operating at their designed parameters and deal with the problems that make this difficult to do. When breaking down the plan the incorporation of designed production, exports, profits, etc into the corresponding parts of the production plan, the export plan, the financial plan, etc should be verified.

Investments that begin operations and become part of the capital stock in 1986 should aid in improving the efficiency of the overall capital asset replacement. In conjunction with an increase in the amount of modernization and rebuilding of the capital stock it is necessary to increase substantially as well as the scope of liquidation efforts, especially for machinery assets, and especially for obsolete production facilities.

The plan for 1986 provides for a substantial expansion in the removal from service of capital assets, especially obsolete and unutilized machinery and equipment. In the national economy and the main branches of the production sphere it is necessary to retire capital assets from service at a rate shown in Table V.

Table V (figures are in billions of korunas and percent)

Indicator		Average annual volume of capital assets removed from service, 1981-1985	Plan 1986	Index 1986/ average 1981-1985
National economy	a	19.4	24.5	126.3
	b	14.3	18.4	128.7
Production sphere	a	15.5	19.7	127.0
	b	11.6	15.1	130.2
Industry	a	7.7	10.1	131.1
	b	6.2	8.1	130.6
Construction production	a	1.02	1.30	127.5
	b	0.96	1.26	131.3
Agriculture	a	3.42	4.55	133.0
	b	2.46	3.30	134.1

a) total capital assets
b) machinery assets alone

The proposed rate of retiring capital assets will not even assure any improvement in the capital intensiveness of production, which continues to grow, as shown in Table VI (in percent, + increase, - decrease).

Table VI

Capital intensiveness	1985/1984	1986/1985
-- gross industrial production	+2.9	+3.2
-- adjusted values added in industry	+0.4	-0.4
-- basic construction output	+3.6	+2.2
-- adjusted values added in construction	+1.9	+3.0
-- gross agricultural production	+8.9	+5.7

The capital intensiveness of all industry is affected significantly by the intensiveness of the fuel and power complex. The capital intensiveness of adjusted values added in fuels increased in 1986 in fuels by 8.9 percent, and in power generation by 3.2 percent, in metallurgy by 1 percent. There will be an eventual decline in capital intensiveness for the ministries of industry of the CSR and SSR and to a lesser extent also for general engineering and the electrotechnical industry.

The conditions for improving the capital intensiveness of our production are:

-- achieving better facilities utilization;

-- more rapid capital asset replacement and quicker retirement from service (thereby reducing the age structure of the capital stock);

-- greater increases in production and adjusted values added.

In addition it is necessary not to expand facilities in cases where increased production can be achieved by the better utilization of existing facilities, closing down unpromising operations and plants, or reducing the number of jobs, especially in the processing industry.

To assure the main objectives related to increasing the efficiency of the investment process and overall capital asset replacement a number of tasks have been set for the formulation of the investment plan at lower levels of management in the organizational paperwork and CSSR Government Resolutions that accompany the state implementational plan for 1986.

The government decrees, specifically:

-- that priority be given to beginning operations of facilities and completing uncompleted construction within established timetables and deadlines;

-- to give priority to projects related to the practical application of R&D findings and state priority programs, efficient comprehensive modernization efforts, export programs, programs to increase the efficiency of imports and projects to protect the environment (with similar steps to be taken during design preparations);

-- to verify that newly commissioned facilities be used in full, 2-shift operations (with especially expensive machinery used for 3 shifts);

-- that expected contributions of new facilities, based on their operating parameters, be incorporated into the proper part of the plan;

-- to permit only in exceptional cases the construction of new plants in industry (with the exception of the mining and processing of fuels and raw materials); not to permit the expansion of facilities if the desired production can be obtained from the better utilization of existing facilities;

-- define the decisionmaking authority for other and centralized construction work as resting with progressive VHJ provided that they adhere to demanding criteria and conditions of investment activity (facility utilization, effectiveness of export production, facility modernization, a low percentage of construction work, the establishment of technico-managerial indicators, expecially for nonproduction projects, etc.);

-- treat the roster of construction projects and equipment deliveries for 1986 as requiring all of our resources, and permitting new construction only after all uncompleted and binding projects in the plan are fulfilled;

-- explore the possibility of reducing the percentage of construction work on new projects and the potential for replacing larger construction projects with smaller projects focusing on modernization and reconstruction;

-- to formulate the volume of investment in the SZNR category according to program strategy;

-- in industry, construction and agriculture, to formulate programs for modernizing and upgrading the production-technical base and in conjunction with this program for the retiring from service of capital assets, at the same time establishing the limits of retirement from service without upgrading based on their low use rates.

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MONETARY POLICY 1986 AND 8TH FIVE-YEAR PLAN DISCUSSED

Prague FINANCE A UVER in Czech No 2, 1986 pp 73-85

[Article by Jan Stejskal, Chairman of the Czechoslovak State Bank]

[Text] The successful conclusion of the Seventh 5-Year Plan marked the end pf a complicated chapter in the development of our society. During that period our economy had to cope with worsening foreign and domestic conditions. Economic and trade relations with non-socialist countries were affected by an increasingly strained international political situation, crises in the capitalist system at the beginning of the 1980's, and discriminatory measures taken by some capitalist countries, which made it difficult to pursue the goal of restoring the foreign economic balance of our country. Developments in economic conditions at home also impeded the implementation of adopted plans, particularly the need to adapt the economy quickly to lower prospects in the area of energy and raw material inputs. An adverse impact was made also by the worsening situation in utilizing domestic energy resources. In 1981-1982 weather conditions affected results in agriculture and in 1985 of industrial departments as well.

All of these factors determined the framework within which the tasks of the Seventh 5-Year Plan were being carried out and added to their highly demanding nature. They were reflected fully also in the monetary situation, in monetary plans for individual years of the Seventh 5-Year Plan, and influenced the way monetary policy was being applied in carrying out tasks in this area. The bank system took an active part in coping with the situation that arose and in implementing to the maximum degree the objectives of the economic policy of the Czechoslovak Communist Party in the monetary area. It consistently focused the thrust of its instruments on priority goals, particularly on a gradual restoration of the external economic balance and dynamics of economic growth, on increasing the efficiency of the economy and better utilization of material and energy inputs, on realization of the planned structural changes, on accelerating research and development, on improving volume and structure of supplies for the domestic market, as well as on helping to improve the development and quality of services offered.

The State Bank has been gradually enhancing the active aspect of its work by increasing the stimulative potential by means of credit and foreign exchange while adhering to the principle of payback, as well as by preferential credit and other means. In this way it assisted the imlementation of progressive actions and the economic growth of well-managed organizations. At the same time it adopted a stricter attitude toward organizations which have not been fulfilling the tasks of the plan, impaired the efficiency of the economy, and were not meeting the conditions under which credit was granted. The bank consistently denied credit to such organizations, differentiated credit rates according to the degree to which they failed to meet their assignments, and in some cases applied penalties with a resulting impact on accrued wages. The approach of the bank during the Seventh 5-Year Plan was based on broad review, control and analytical procedures, and its findings were often used by agencies outside the bank as well.

To summarize, the monetary policy of the bank, carried out according to the strategy of the Seventh 5-Year Plan, helped to bolster the positive trends and moderate some negative features of the domestic economy.

The achievement of the basic objectives of the Seventh 5-Year Plan, as well as a consistent orientation of the banking system toward achieving the objectives of the plan in the monetary sphere, were reflected positively in the monetary developments of that era. The renewed dynamics of economic growth beginning roughly half way into the Seventh 5-Year Plan succeeded in ensuring particularly the following monetarily stabilizing trends:

--to positively influence the balance in foreign economic relations, achieve a considerable reduction of our obligations in free currencies, and thus to ensure a transition from an overall debtor to an overall creditor position of the country;

--to strengthen and stabilize the domestic market and consolidate the social securities of the public; that made it possible to cover the needs of the monetary plan mostly out of consolidated internal resources, particularly personal savings;

--by reducing the growth in granted bank credits, to bring the increase in credits more in line with the dynamics of basic macroeconomic indicators, particularly with the growth of the national income;

--to improve the utilization of inventories in industry branches and in construction;

--to increase the creation of internal resources and strengthen the internal financial base of economic organizations by improving the efficiency of their management.

These results are all the more noteworthy because they were achieved under very difficult economic conditions.

During individual years of the Seventh 5-Year Plan, the planned amount of credit granted to the enterprise sector was basically adhered to, as shown by data in Table 1.

Table 1.

In Billion Kcs

	Sum of Monetary Plans in 1981-1985	Actual Facts Per Year	Differences
Operating Credit	+69.1	+73.3	+4.2
Capital Investment	+20.9	+16.5	-4.4
Total credit for enterprise sector	+90.0	+89.8	-0.2
Total credit for enterprises and public	+96.6	96.0	-0.6

The positive aspect from the monetary point of view is the fact that we were successful in keeping to the planned increases in credits and reducing the growth dynamics of credits in relation to the national income--see Table 2.

Table 2.

	1981	1982	1983	1984	1985
Growth of credit (state of accounts)	104.1	104.1	103.4	105.7	102.7
Dynamics of created national income (in current prices)	97.3	104.8	102.3	106.7	103.3[a]

[a] constant prices

During 1982, 1984 and 1985 the rate of growth of credit in current prices was lower than the rate of growth of the national income. At the same time, the credit increase in 1984 was influenced by the implementation of the new billing ordinance concerning supplies for capital construction, which resulted in an increase of the share of bank credit for financing uninvoiced work and supplies. A relative slowing down of the rate of growth of credit and a gradual acceleration of the rate of growth of the national income and other macro-economic quantities, which occurred in the course of the Seventh 5-Year Plan, testified to some improvement in management efficiency in the enterprise sector and resulted in a turnaround of the unfavorable trends which appeared particularly during the course of the Sixth 5-Year Plan.

A favorable development of monetary plan resources needed to cover credit also took place. The creation of resources for enterprises and organizations out of personal savings made it possible to finance all domestic credit needs, as well as to ensure repayment of previously used foreign credit. The increase in credit resources was due mainly to personal savings (+62.1 billion Kcs, that is 50 percent of the total increase of resources); their growth was influenced positively by a stabilized savings rate (that is the share of cash on hand and deposits of the public relative to total personal earnings): that came to 3 percent in 1981, 4.1 percent in 1982, 4.1 percent in 1983, 3.9 percent in 1984 and 3.6 percent in 1985.

There was a more effective development of inventories in industry and construction, where an acceleration of 7.7 days for all of the Seventh 5-Year Plan took place (during 1971-1980 the turnover time of inventories slowed down altogether by 6.8 percent). The change of turnover time of inventories was as follows: in 1981 declaration of 0.2 days, in 1982 deceleration of 1.3 days, in 1983 acceleration of 2.8 days, in 1984 acceleration of 4.5 days, in 1985 acceleration of 1.9 days (without excluding price and other factors).

The share of bank credits to cover current assets and inventories also developed favorably--see Table 3.

Table 3.

In Percent

	1981	1982	1983	1984	1985[a]
Share of operating credit to cover current assets	50.5	49.6	49.9	51.6	52.1
Share of investment credit to finance capital construction	23.8	27.9	28.5	20.2	23.3

[a] expected

The share of credit for financing inventories in industry and construction was stabilized. The growth of the total share of credit reflects the increased volume of credits for inventories in trade, distribution and marketing organizations, where the financing of inventories is done entirely by credit. The share of these components of current assets in manufacturing organizations grew correspondingly; these are, in accord with established policy, financed entirely by bank credit, for example, notes receivable, deferred charges, uninvoiced work and supplies.

Despite the undeniably favorable trends, which were discernible in the monetary developments during the preceding period, it must be noted that they were only to a certain degree due to the use of intensifying factors or to an improved effectiveness of the material aspect of the replacement process. We were not entirely successful in resolving in their entirety the problems concerning quicker application of scientific and technological developments into economic practice, full utilization of production assets, or failure to use production as planned. That slowed down the restoration of economic and monetary balance. An uneven fulfillment of planned assignments for export, and particularly the failure to fulfill the tasks to make it more efficient, limited the possibilities to create more reserves of foreign exchange in free currencies. There were deviations from the planned structure of relations with CEMA countries, which meant that more domestic resources had to be used abroad than the plan stipulated. Although in individual years the balance of the state budget was maintained, the creation of internal resources of organizations resulting from the efficiency the organizations achieved was not sufficient to lower and moderate the pressure by the enterprise sector for financing over-plan needs by bank credit, particularly in the area of current assets.

The monetary development during the Seventh 5-Year Plan was also influenced by deficiencies in the execution of capital construction projects, in supply and demand, deficiencies in the structure of supplies and inventories for the domestic trade and by other factors, particularly by fluctuations in the drawing of credit and foreign currencies caused by uneven production and invoicing during the course of a year as well as of individual months.

These deviations from planned development point to the existence of unused potential, which could be employed to spur the creation of resource for the economy or released for another use of the national income. They prove that the level of economic and monetary balance during a given stage depends to a decisive degree primarily on improving the qualitative side of the total replacement process and its efficiency.

The positive results achieved in individual areas of the monetary policy are proof that a determined pursuit of designated goals and a systematic focusing of the bank instruments to serve society's interests can effectively assist in ensuring an overall economic balance even in the future. We will need to use the experiences we gained to use the instruments of the banking system more actively, integrate them more broadly into the design and realization of the state plan, and do this in coordination with other value instruments and in accord with the Main Trends for Further Development of the Set of Measures for improving the Planned Management System of the National Economy. Tasks in this respect have been assigned by the 16th Congress of the Czechoslovak Communist Party also to the State Bank.

In the report of the Presidium of the Central Committee of the Czechoslovak Communist Party concerning the status of preparations for the Eighth 5-Year Plan for the economic and social development of CSSR and the plan for the year 1986, Comrade Strougal stated that setting the national economy on a course of intensive development and a new quality of economic growth will also require "a more extensive use, even during the process of formulating the plan, of the financial, credit, wage, and monetary instruments to ensure increased efficiency and balance and thus work toward a unity of material and financial planning."

The preliminary monetary projection for CSSR for 1986-1990 stems from Directives for the Preparation of the Proposals for the State Plan for the Development of the National Economy for the period of the Eighth 5-Year Plan. Its basic goal is to strengthen the balance in external relations as well as in the internal development of the Czechoslovak economy, and to ensure a stable buying power of the Czechoslovak currency. The basic requisite for ensuring the desired monetary development is to include in the economic plans tasks for the khozraschet sector that will guarantee the achievement of greater rate of growth of the economy and increase its efficiency.

The above mentioned objectives are reflected in the way resources are created and needs evolved for the monetary projection. Compared to actual results expected in the preceding 5-Year Plan, we are assuming a faster growth of resources of the monetary plan as a result of increased planned dynamics. That will make it possible to cover the great needs of the monetary plan. Credit requirements will be influenced also by a new factor, the Czechoslovak participation in integrating CEMA actions, and the necessity to cover them temporarily in the domestic economy. Although this will manifest itself in a different development of the basic monetary standard during individuals years of the 5-Year Plan, overall the necessary development of this standard (i.e., the relationship between the growth of credit granted and the growth of created national income) for all of the Eighth 5-Year Plan will be assured--comp. Table 4.

Table 4.

In Percent

Basic Monetary Standard	1986	1987	1988	1989	1990	1990/1995
Dynamics of credit (exclusive of credit for CEMA actions)	101.7	101.6	101.8	102.2	102.1	109.9
Dynamics of credit (incl. CEMA actions)	103.5	104.1	104.3	101.3	101.9	115.9
Dynamics of created national income in current prices	103.5	103.5	103.5	103.5	103.5	118.8

In accord with the objective to strengthen the internal financial base of the khozraschet sector and increase the pressure for releasing unused potential, we are counting on slower growth in future operating and investment credit for the enterprise sector. In contrast to the Seventh 5-Year Plan, when the increase in these credits amounted to about 90 billion Kcs, the projection for the Eighth 5-Year Plan assumes an increase of 34.6 billion Kcs (exclusive of CEMA actions).

The use of domestic resources to provide credit will have a significant impact also on the planned future improvement of our foreign currency position vis-a-vis the socialist as well as non-socialist countries.

The development of resources for the monetary plan depends on the degree of stabilization of personal savings, which is obvious from the fact that public purchasing power as an internal consolidated resource should amount to 55 percent of the total increase of resources available for credit (an increase of deposits in the amount of 81.1 billion Kcs is being planned; in the Seventh 5-Year Plan it amounted to +74.4 billion Kcs). In contrast to the Seventh 5-Year Plan, we are assuming a lower growth of assets of enterprises and organizations in the accounts of the Czechoslovak State Bank (expected actual results in the Seventh 5-Year Plan +23.9 billion Kcs, in the Eighth 5-Year Plan +13 billion Kcs), because accumulated retained earnings of the enterprise sector should be put to the maximum use for financing current assets and investments.

In the domestic economy, the objectives of the monetary projection for the Eighth 5-Year Plan in the area of operating credit is to facilitate an intensive development of industrial and construction output and creation of desired inventories.

We are assuming an increase in operating credits in the amount of 43.4 billion Kcs for all of the 5-year plan. This is less than during the Seventh 5-Year Plan, when the increase amounted to 73.3 billion Kcs. Of course, this increase also takes into account the impact of implementing decree No 37/83, Laws of the Czechoslovak Socialist Republic, concerning the invoicing of capital investment work and deliveries, and of geological work, which resulted in an increase of operating credits in the amount of 11 billion Kcs, as well as the impact of overpriced inventories.

As far as industrial and construction organizations are concerned, we are counting on using credit primarily for operational needs, modernization, introduction of new productions, and development of production (increase of 7.2 billion Kcs).

Further, the increase in credit is earmarked for supplementing inventories for the development of production of agricultural organization, building up feed stock and food stockpiles (+11.2 billion Kcs) and for the creation of inventories in domestic trade organizations (+9.5 billion Kcs).

Credit in the amount of 12.7 billion Kcs has been designated to cover export claims and other needs of foreign trade organizations.

The planned increase in operating credits is tied to tasks in the area of inventories and to the basic task, which is to accelerate the turnover time of inventories in industrial and construction organizations by 10 days. The contemplated development of this monetary standard reflects the results of the Seventh 5-Year Plan.

The planned increase of credits for industrial and construction organizations has as its objective to guarantee inventories needed for the development of production while at the same time exerting pressure for better inventory management and for utilizing hidden potential in this area. The objective of this is to increase the effective use of inventories, particularly in material intensive branches and in branches that evince poor use of inventories in comparison to others.

In the area of capital construction, the monetary projection stems from the basic objective, which is to secure the following by means of investment credit:

--intensification of the economy by implementing state goal-oriented programs and a broad application of results of research and development,

--development of branches which create the basic innovations needed by other branches to improve quality and level of production resulting in higher competitiveness on foreign markets,

--modernization and reconstruction of long term assets; assisting, mainly by means of rationalization credits, the creation of unified, technologically advanced operations, greater use of robots and manipulators, and introduction of specialized machinery,

--development of the production base of the agricultural complex as a prerequisite for increasing selfsufficiency in agricultural products, particularly foodstuffs,

--fuel, energy, and raw materials balance.

It is assumed that to finance capital construction within the total national economy, 136.1 billion Kcs in long term investment credits will be drawn during the Eighth 5-Year Plan. At the same time, previously granted investment credits will be paid off in the amount of 144.9 billion Kcs, so that the level of investment credits should decline by 8.8 billion Kcs.

In accord with the established objectives, the critical portion of planned investment credits (107.4 billion Kcs) will be directed to state economic organizations. In contrast to the Seventh 5-Year Plan, we are counting on a higher repayment rate of previously granted credit. The objectives of the monetary projection thus create a more demanding atmosphere for the khozraschet sector in the area of capital investment by a greater involvement of internal resources of the khozraschet sector in accord with the intensification objectives of the Eighth 5-Year Plan.

For the cooperative sector, the monetary projection--concerned mainly with capital investment of the unified agricultural cooperative and cooperative residential construction--includes an increase of investment credits of 7.3 billion Kcs; that represents a credit drawing of 26.8 billion Kcs and a credit repayment of 19.5 billion Kcs.

The preliminary monetary projection for the Eighth 5-Year Plan, in accord with the planned balance of personal earnings and expenditures, assumes an increased growth of future personal earnings compared to expected actual results of the Seventh 5-Year Plan of 7.4 billion Kcs. We are working on the assumption that the rate of savings will stabilize at the level of 3.6 percent during the course of the entire Eighth 5-Year Plan.

In the area of foreign monetary relations, the monetary projection has the following objectives:

--broaden the CSSR incorporation into the socialist economic network, particularly with USSR, and thus broaden the payment and credit relations; at the same time strengthen the long term balance of payments with individual socialist countries,

--utilize foreign exchange and credit instruments for an active participation of CSSR in the realization of the Comprehensive Program of Research and Development of CEMA Member Countries up to the Year 2000,

--further strengthen the foreign exchange balance in currencies of nonsocialist countries.

In the first case, at stake will be a more extensive mutual cooperation in acquiring new sources of energy and industrial raw materials, with the goal of making certain that our needs will be covered in the future. Even though in this area we are counting on a stabilization of prices, the amount of these resources cannot be guaranteed if they continue to be used so extensively. The higher demands for acquiring such resources means it will be essential to achieve greater relative savings and better utilization of these resources in production than has been the case so far.

The requirement for a dynamic growth in mutual trading goes hand in hand with growing demands for better quality, technological level and flexibility in modifying the range of products. Satisfactory developments in this respect are a prerequisite for ensuring the planned monetary development of relations with socialist countries.

As far as relations with nonsocialist countries are concerned, the process of strengthening the foreign exchange balance will continue. In constrast to the preceding period, the monetary projection reflects the objective to strengthen the payback requirement for granting foreign exchange credits. In particular, the scope for granting foreign exchange for importing modern technology will be increased, assuming a payback, including interest, of 4 to 5 years.

An important task, one upon which rest all the other tasks of the monetary projection, is the planned improvement of the effectiveness of foreign economic relations. Giving more muscle to the tasks of developing the effectiveness of export would help to improve the development and structure of our foreign exchange position and provide more scope for imports of advanced technology for the purpose of intensifying economic development.

To achieve the above mentioned tasks requires that we approach their implementation with full intensity. This is reflected in the monetary plan for 1986, not only in the area of domestic, but also of foreign relations. Its basic design stems from the goals of the monetary projection and is reflected in the changes in the structure of resources and needs thus--see Table 5.

Table 5.

In Billions Kcs

	Expected Actual Fact in 1985	Proposed Monetary Plan for 1986
Assets of enterprises and organizations	+ 3.0	+ 2.6
Personal deposits	+14.0	+12.6
Money in circulation	+ 1.9	+ 2.7
Other resources	+ 4.3	+ 4.4
Total resources	+23.2	+22.3
Operating credits	+ 7.7	+ 6.7
Investment credits	+ 5.5	- 0.7
Loans to the public	+ 1.3	+ 1.4
Other needs	+ 8.7	+14.9
Total needs	+23.2	+22.3

The proposed credit development answers the basic requirement of economic policy to ensure the acceleration of the growth dynamics in a decisive degree, facilitated by using intensification factors. The bank will actively support this objective by granting credit and foreign currency and by differentiating conditions and procedures in order to ensure implementation of planned tasks by the enterprise sector.

Credit granted to the enterprise sector will be increased by 6.0 billion Kcs, operating credit by 6.7 billion Kcs. Total credits thus will be increased by 3.5 percent (including credits for financing Czechoslovak participation in integrating CEMA actions)--in accord with the assumed growth of created national income by 3.5 percent.

Credit resources will be used preferentially in branches and sectors which support the intensification of the economy by applying the results of research and development. It is assumed that of the total planned investment credits in the amount of 28.5 billion Kcs, 18.8 billion Kcs, i.e., 66 percent, will be used for purposes of development, modernization and structural reconstruction of key branches. Besides that, a special-purpose credit reserve in the amount of 1.6 billion Kcs to assist the acceleration of research and development will be included in the plan, designated particularly to cover the foreign currency credits with korunas.

To secure the necessary resources of raw materials and energy essential for future economic growth, the bank will be granting, in accord with the established financial procedures, credits for needs arising from our participation in integrating CEMA actions.

Five and one-half billion Kcs will be made available for the development of the fuel and energy base.

At the same time the bank will increase the pressure for a more efficient management of the enterprise sector and for utilizing unused resources to accelerate the dynamics of development, particularly by slowing down the dynamics of the growth of credit with the aim of achieving better utilization of inventories and cutting back production consumption in industrial branches and construction; that will enable it to make use of its own resources to a greater degree and reduce the need to use public financial resources.

The planned extent of operating credit is contingent on accelerating the turnover time of inventories in industry and construction by 2.2 days, which represents a corresponding release of unused resources in inventories in the amount of 5.2 billion Kcs.

By fulfilling this task it will be possible to increase the effective use of credit. The ratio of the operating credit to one Koruna of created profit is to be improved from 2.36 Kcs as of 31 December 1985 to 2.22 Kcs by the end of 1986. The ratio of operating credit to one Koruna of adjusted value added will be improved from 0.74 Kcs to 0.69 Kcs.

To support the objective of the plan to work toward achieving more quality in meeting the needs of the people, operating credit in the amount of 1.9 billion Kcs will be granted for supplementing trade inventories and improving their structure, 0.4 billion Kcs for improvement of services, and 2.1 billion Kcs for investment credit for cooperative residential construction. Personal loans will be increased by 1.4 billion Kcs.

In foreign relations, the foreign exchange position of the state continues to improve, which, from the point of view of the monetary plan, is evidenced by the use of some domestic resources for abroad.

The planned increase of needs at home and in relation to foreign countries will be fully covered by domestic resources, particularly consolidated personal assets (deposits, money supply), which will have a share of 68 percent in the planned increase of resources available for credit. At the same time, it is assumed that long term deposits will have a share of 58 percent of the total deposits.

To guarantee implementation of the tasks of the monetary projection for the period of the Eighth 5-Year Plan, new Principles of Domestic and Foreign Monetary Policy after 1985 were approved by resolution of the CSSR Government No 289/1985. Concurrently, a new decree, No 103/1985 Laws of the Czechoslovak Socialist Republic, was issued, concerning the granting of credits and credit rates.

Following on the government resolution No 243/1984, which approved the Main Direction of Further Development of the Set of Measures for Improving the Planned Management System of the National Economy, monetary standards ensuring the efficiency of the economy from the monetary point of view have been worked out and detailed. The Bank will use them at the macroeconomic level not only in the process of formulating macroeconomic plans, but also during the course of their implementation, to evaluate monetary development, to determine the needs and resources of the monetary plan and make certain that they are used effectively. When granting credit to enterprises and organizations, greater use will be made of the standard for effective use of credit, which is tied to the goal against which will be evaluated not only the fulfillment of the plan, particularly the qualitative indicators in the economic management sector, but also a yearly evaluation of enterprise management. That will enable us to use more credit differentiation and focus the granting of credit on assisting efficiency, desired overfulfillment of the tasks of the plan, and ensuring the development of state of the art productions. As a standard of how effectively an organization is using credit in its management, use will be made of the ratio of credit to the basic qualitative indicators of the enterprise, to the growth of current assets, etc. The development of these standards will be evaluated by the bank relative to the tasks of the economic plan of the organization and goals of the monetary plan; they will be used already during the stage of formulating the plan for the purpose of including in it more progressive task assignments.

By applying these standards, the bank will assist in ensuring a unity of material and value planning as well as national priorities.

An important measure, which was reflected in the credit policy of the bank as well, is the realization of the principle contained in the Main Directives of Further Development of The Set of Measures for Improving the Planned Management of the National Economy, according to which internal resources of organizations will play a larger role in covering operating expenses. This principle is contained in the Federal Finance Ministry decree No 109/1985 Laws of the Czechoslovak Socialist Republic, concerning the financing of operating expenses. In the event that there is a planned increase of inventories, for which the bank refuses to grant credit, the enterprise will be obligated to include in its financial plan means for covering this increase entirely out of the working capital.

A closer linkage between internal resources and credit will be enforced even in the case of covering above-plan inventories by the end of the year. An above-plan increase of inventories will have to be covered by an organization to a sufficient degree out of the working capital. As long as the bank refuses to grant credit for these above-plan inventories, the organization will be obligated to cover them entirely out of the working capital.

On the other hand, if an organization meets the criteria for an effective use of credit, and if it is able to develop state of the art productions, for example for export, or speed up research and development, etc., the bank can grant it a medium term credit to supplement its working capital for the remaining portion of the planned increase of inventories, which it is supposed to cover out of its internal resources. The same applies even in the case of covering above-plan inventories toward the end of the year, particularly if the planned amount was exceeded as a result of producing desired market ready inventories.

As far as other current assets besides inventories are concerned, the linkage between credit and internal resources of an organization is similarly applied. When the bank refuses credit, an organization is obligated to make up the short-fall in covering current assets by reducing other planned project accordingly, or by increasing internal resources for current assets.

In credit policy, the principles place great importance on supporting research and development. The granting of credit will be contingent on achieving higher technological level and improvement of products, thus making them more competitive on world markets. A new improvement credit will be introduced, which will enable organizations to speed up the overall improvement cycle and take a comprehensive approach to the needs of research and development. Other preferential operating and investment credits also will be granted for this purpose.

In the area of inventories, following on government decree No 74/1984, preferential credit assistance by the bank will be given for producing desired market ready inventories, assuming a shortfall of consumer inventories. In the case of organizations which show poor inventory management, the bank will demand that the organizations, when requesting credit, give proof that they are strengthening their inventory norms in order to carry out the planned tasks in inventories. New principles of credit policy will be established also for other branches, particularly for agriculture and forestry management, domestic trade, local production and services. At the same time the working of the credit will be adjusted to the distinctive features of the current assets circulation in those branches.

In the area of capital construction, credit policy is aimed at assisting modernization, rationalization and other progressive investment objectives. The standard for granting investment credit will be the effectiveness and payback on the investment, contribution to the balance of payments and utilization of existing capital assets. At the same time, the principles establish maximum maturity terms of investment credits in selected branches of the national economy. Credits for construction with a longer payback or high share of construction work will be granted only as an exception.

The principles, in connection with the decree concerning granting of credit, sets the highest limit for punitive credit and credit compensation, and also determine the basic methods for implementing them. To make certain that credit compensation will be commensurate with the contribution which the organization will bring to society, the compensation will now be set at five percent of the contribution achieved. This procedure stems from the fact that since 1986 a portion of the compensation influences 100 percent of the resources of accrued wages (up till then only 50 percent). As a way to make the procedure more stringent, in the case of organizations which for a long time have not been meeting the standard for efficient use of credit and as a result did not guarantee a return on the credit, the bank will adjust the use of penalties combined with penalties in the area of payment relations, including introduction of amandated schedule of payments in connection with Paragraph 14, Section 2 of the decree of the Czechoslovak State Bank No 10/1978, concerning payment schedules.

When granting credit assistance, a decisive aspect of differentiation is whether and in what time period the organization will be able to make up the deficiency in resources. A new idea is to grant credit for opening a letter of credit, which, however, could be done only in connection with a change in the production schedule. Higher limits are also being set for the automatic implementation of the so-called small payment of up to 5,000 Kcs. A new formulation of consolidating credit is being prepared for organizations where resolving shortfall is a drawn out affair after all credit assistance has been used up, or which requires key participation of a superior agency of the enterprise. In the principles, which were approved by government resolution No 289/1985, it is stated that if during the term contained in the consolidating plan there is no fundamental turnaround in the financial situation of the enterprise, the minister will, on the suggestion of the bank, present to the appropriate government agency an analysis of the activities of the organization which has been put on a consolidating regimen, together with a proposal for basic measures (for example merging the organization into another organizational unit and shifting its production program to another organization).

On the basis of experiences gained during the period of the Seventh 5-Year Plan, it became obvious that it is really more effective to apply in all operating and investment credits uniform credit rates, at the same time strengthening credit differentiation by penalty interest and credit compensations directly affecting accrued wages. The basic interest rate on credits for inventories, kontorentni (as published) credit and other important credits for current assets is set at 6 percent, which is in the middle of today's interest range. In the case of agriculture and trade, the lower interest rate remains. The uniform interest rate for specific kinds of credit and branches will thus become a uniform parameter of using credit for the branches in question. The range of basic credit interest rates is retained only for objectively evaluated cases, such as is the case of credits for customer bad debt, when the organization itself is deciding for which outstanding debt it will request credit, in which case the rate is graduated according to the time elapsed since maturity. With regard to the government resolution No 74/1984, the bank is introducing a low interest rate (1.5 percent) to build up desired market ready inventories, on the expectation that a concurrent decline in consumers inventories, on the basis of a precise specification of inventories of this type, occurs and that they will be managed strictly according to the plan. The rate of credit assistance will be set at a higher level according to their type. The rate on credits not repayed with the established term will be set at 15 percent, in order to exert higher pressure in case that an organization does not ensure in time the repayment of credit as determined.

Assets deposited without terms in the accounts of organizations so far have had interest paid on them only in the case of selected organizations. In the future, all assets will be interest bearing in all organizations at the rate of 0.3 percent.

In the area of foreign monetary policy, there will be, in contrast to present practice, an intensification, particularly in the exchange rate policy, in foreign exchange relations with currency areas, while covering import by foreign currencies and foreign currency credits will be made easier.

The rate of exchange policy has been for a long time, in accordance with the principles, aimed in close cooperation with price, financial, credit and investment policies at strengthening the standard setting function of the exchange rate, aiding the objectives set by the state and currency plan in foreign relations, and at improving the structure of production and foreign trade. Such a procedure will help the stability, and strengthen the buying power, of the Czechoslovak koruna.

The principles of the foreign currency policy of the bank are aimed at employing the foreign currency instruments to help socialist economic integration and higher forms of economic cooperation. At the same time, the bank will endeavor to make effective use of the billing and credit mechanism of international socialist banks (MBHS and MIB) to ensure long term balance of payments in the exchange of goods, in mutual relations, and other forms of economic relations.

Concurrently, the bank will assist through its credit and foreign currency policy the realization of actions of economic cooperation with USSR and CSSR participation in implementing the Comprehensive Program for Scientific and Technological Development of CEMA member countries up to the Year 2000.

As far as foreign exchange relations with nonsocialist countries are concerned, the principles take the position that a closer coordination with the objectives of foreign trade policy with foreign exchange policy is essential. The bank will give credit assistance to Czechoslovak exports and will coordinate credit requirements with price requirements in such a way that an effective contribution to the balance of payments will ensue. At the same time, it will aim its procedure at ensuring a timely payback on export loans. In this manner it will promote a gradual improvement of the overall CSSR position, as well as an improvement of its time and territorial structure in accord with the objectives of the plan.

In the modified requirements of the Czechoslovak State Bank for releasing foreign currency to cover payments of obligations in external economic activities and for payments abroad, all the principles which proved beneficial in the past will be retained, and those principles for releasing foreign currency in the Eighth 5-Year Plan which can contribute to increased activity in the area of foreign economic relations and foreign currency management will be clarified and expanded.

In order to achieve more economy in noninvestment imports, a new measure was introduced at the end of the year, which will make it possible to transfer released and unused foreign currency assets from the current year to the following year, when they can be used above the level of prescribed limits of other noninvestment imports of that year.

In an effort to provide further incentives to earn foreign currency by increasing the export capability of the Czechoslovak economy, the proposal for requirements will also include the system, experimentally verified during 1985, of releasing foreign currency even if the yearly export plan has been exceeded.

The Eighth 5-Year Plan also assumes that, depending on the development of the balance of payment, the bank can grant so-called temporary foreign currency credit to tide over the time discrepancy between the generation of foreign currency to pay for noninvestment imports and the increased need for it, in the framework of a calendar year or even beyond the calendar year. This, however, has to be done on the condition that there is a guaranteed payback in foreign currency on those released funds.

Significant changes will be made in case of foreign currency credits (DNU) granted by the bank for import of machinery and equipment. To provide the desired higher incentives for this form of import, the bank will increase the payback terms of the CNU to 4 years, with the possibility of increasing it further to 5 years. The amount of the required contribution to the balance of payments will be differentiated according to the terms of the foreign currency credits, the so-called margin, which is being decreased overall. The purpose of these measures is to increase the share of cross account imports within the total volume of investment imports. Foreign currency credits, following the experimental verification during 1984-1985, will be used during the Eighth 5-Year Plan also in the area of non-investment imports. This will concern mainly smaller imports with quick payback, the import being paid by export in the current year.

Both these forms of payback credits are aimed at assisting the modernization process and at accelerating research and development in the national economy.

Beside actively assisting the effective use of foreign currency assets, the bank will adopt in the Eighth 5-Year Plan stricter procedures in the area of the koruna and foreign currencies in cases where foreign currency assets are not well managed.

The changes in the monetary bank policy stem from experiences gained during the preceding period. The purpose is to increase the effectiveness of credit and other instruments of the bank, and thus also the work of the State Bank when fulfilling given tasks. The changes carry with them greater authority and responsibility by individual organizational units of the bank. That will enable them to increase their commitment and individual contribution to the overall efforts of the bank while working in the interest of society.

Greater independence and responsibility of individual organizational units of the bank in fulfilling the coming tasks or economic policy in the monetary area will place greater demands on the level and effectiveness of bank management.

A significant source for raising the level of management rests in further development of ASR [as published] of the bank. In the past, good results have been achieved in this sector. The introduction of automation of bank operations (ABO) brought considerable savings, lead to a decrease in labor input and improved bank services in this area. During the Eighth 5-Year Plan there will be a greater use of computer technology also in the economic work of the bank, in formulating and detailing the monetary plan, in the area of capital construction, and in the financing and credit sector and other sectors. Also, a number of individual routines for internal needs of the bank will be computerized.

The introduction of ASR in economic sectors of the State Bank will bring, beside savings and better quality of work, also a broader scope for internal economic work and will permit the bank to gain a deeper insight into the management of organizations. This will create new possibilities for raising management efficiency on individual levels.

The Czechoslovak State Bank faces a number of tasks at the beginning of the Eighth 5-Year Plan. Besides economic tasks, the bank will ensure further improvement of services to enterprises and organizations in the area of payment relations. The State Bank will give its foremost attention to continued improvement of the level of banking services to the public.

In economic work, the important thing for the bank will be to take an active part in ensuring the goals of the monetary projection in accord with the urgent need for intensifying economic development. To that end, the employees of the bank have to know how to use at all times the Principles of Internal and foreign Monetary Policy, particularly to learn and apply the standards for effective use of credit.

The knowledge which the State Bank gained during the course of formulating the Eighth 5-Year Plan indicates that this will not be an easy task. A number of organizations and economic production units are still struggling with ongoing problems in implementing tasks of the directive, in some cases they are not consistent enough in their approach, and do not use all the opportunities to look for ways to utilize existing unused resources.

The Czechoslovak State Bank is ready to share at all times in the realization of the Main Directions of Economic and Social Development during the Eighth 5-Year Plan, which will be approved by the 17th Congress of the Czechoslovak Communist Party. It will use the experiences gained so far to broaden and deepen its influence in the economy with society's interests in mind, in a close cooperation with the planning, financial and other agencies of economic management. It will take an active part in resolving problems that will arise and in cooperation with enterprises and their superior agencies search for the most effective methods of using credit and foreign currency reserves to fulfill the tasks of this year as well as all of the Eighth 5-Year Plan.

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NEW REFORM COMMISSION BODY EXAMINES PRICES, WAGES

Warsaw ZYCIE GOSPODARCZE in Polish No 20, 18 May 96 p 11

[Article by Marek Misiak: "Finding the Key: New Working Group in Action"]

[Text] Since the Commission on the Economic Reform began operation, it has been said at its plenary meetings, in the working groups, and in the corridors that prices and incomes, and their disequilibrium, are the basic threat to the reform. A great deal has also been written about this. As we know, it was not possible to wait for equilibrium before proceeding with the reform, because the reform is the only chance for balancing the economy on a lasting basis. At the same time, however, the extreme slowness in achieving equilibrium, much slower than assumed in economic plans, limits the possibilities for growth and reduces its social and economic effects. After 5 years in operation, the Reform Commission therefore decided to strengthen its composition with a new working group to deal with incomes and prices. Perhaps for similar reasons, another new Reform Commission working group was also appointed, for investments and the utilization of fixed assets, since in addition to the problems of economic disequilibrium there is perhaps no other sore spot in our economy like investments and the management of fixed assets. Prof Kazimierz Rys, who is known to the readers of ZYCIE GOSPODARCZE, became the chairman of the Working Group on Prices and Wages.

Opening the inaugural meeting of the working group (on 28 April), Franciszek Kubiczek, the secretary of the commission, stated that the main tasks of the working group this year include evaluating the instruments for carrying out the NPSG [National Socioeconomic Plan] for the years 1986-1990, and analyzing the formation of emoluments and the problem of closing the inflationary gap in the draft NPSG for 1986-1990.

The members of the working group had previously been sent for evaluation a document discussed on our pages: "Instruments for Guiding the Implementation of the NPSG for the Years 1986-1990." Also presented was a draft plan for the working group's work in 1986, which proposed, among other things, dealing with inflationary threats and the problems of countering them on the basis of the growth rate for incomes and prices contained in the assumptions of the NPSG, and evaluating the operation of the formulas for the formation of funds for emoluments at enterprises, in light of the growth rate for incomes and the courses planned for improving the structure of prices in the years 1986-1990. The experience of recent years has confirmed that it is not possible to expect success by fighting only against the manifestations of inflation. It is necessary to eliminate its causes, step by step. That is how I understood the Kazimierz Ryc's opening statement.

"We should consider," he said, "how the tangles of inflation can be gradually unravelled, and what economic instruments should be used for this purpose, keeping in mind both the losses associated with the suppression of inflation and the losses caused by open inflation. The worst scenario that can threaten us would be one in which an increase in incomes is permitted during the next 2 or 3 years without a corresponding increase in supply, and later there is an attempt to restore the previous state of the market through drastically increased prices."

This threat--as it appeared from the discussion--will be the subject of the next meeting. The point of departure will be a study by the Institute of Finances (its authors are Marian Gorski and Kazimierz Ryc). It appears from the study that if we did not want to permit a deterioration in the state of the market, but at the same time kept the previous rate of the growth in nominal incomes, then the unavoidable increase in prices in 1986 would have to amount to 18 percent, in 1987 24 percent, in 1988 29 percent, in 1989 34 percent, and in 1990, it would have to go beyond the level of 41 percent. The authors therefore propose several different ways of proceeding that could avoid this type of cataclysm. We will leave this, however, for the report on the next meeting of the working group, which should take place, according to the schedule approved for its work, as early as the middle of May 1986.

Why, however, is a growth of nominal incomes still being permitted--higher than what is assumed in the plans and also higher than supply? A decisive role is played by emoluments for work in the socialized economy, which constitute more than half of the population's monetary earnings. It would be a simplification to reduce the answer to this question--which happens, unfortunately--to "insufficient discipline for wages" (see the report on the meeting of the working group discussed here in RZECZPOSPOLITA No 100, 24 April 1986, under the title of "Disciplining Wages an Urgent Necessity").

People's desire to recreate the level of their real wages from the years 1978-1981 is a complex social and economic phenomenon, associated with the very high range of oscillations in their level in the recent past, and ultimately with the considerably lower level of these wages in comparison with the end of the 1970's (in spite of the growth during the years 1983-1985). In one of the next issues of ZYCIE GOSPODARCZE, we would like to illustrate this at somewhat greater length with statistical data.

Kazimierz Rusinek, the vice president of GUS [Main Statistical Office], pointed out with concern the irregularities in the present formation of the structure of emoluments for work in the socialized economy. The differences in the level of emoluments between large social and professional groups and also enterprises are persisting and even growing, often without the increases being justified by economic and financial results, while at the same time, within the enterprises, wages have been flattened. The economic and financial instruments have not created conditions for raising wages in the enterprises as a result of a genuine improvement in their economic condition. There are enterprises that are raising emoluments and risking bankruptcy.

The statistics on emoluments during the first quarter of this year, and also the indications of the introduction of modified principles for taxation of a wage fund above the norm, confirm the concern of the vice president of the GUS. In the first quarter of this year, emoluments in the five basic sectors of the socialized economy, not counting wages from profits, were 18.4 percent higher than in the first quarter of last year (if wages from profits were included, this increase would amount to 20.9 percent), whereas an increase of only 12-13 percent was assumed in the annual plan for 1986.

The new formulas for taxation can thus--just as in the last years of PFAZ [National Vocational Mobilization and Retraining Fund]--bring many disappointments. Our knowledge of the introduction of the modified solutions is actually still fairly sketchy, but it is already known that Kazimierz Dzienio, the director of the Planning Commission's Working Group on Incomes and Employment, has stated that in over three fourths of the enterprises, two out of five possible taxation formulas have been selected: a threshold one (39 percent of the enterprises) and a growth-measurement one (37 percent of the enterprises). The rest were selected in unusual cases. There were few willing to use the share formula, although it creates a chance--through a direct relationship with the amount of profit--for strong interest on the part of the enterprises in economical management of the wage fund.

The Ministry of Labor, Wages, and Social Affairs is preparing to develop a broad analysis of the consequences of the tax that has been introduced, but as reported by Wladyslaw Jasinski, a department director in the MPPiSS [Ministry of Labor, Wages, and Social Affairs], it will not be possible to present this analysis to the members of the working group for 2 months.

W. Jasinski also expressed concern over the growth rate of emoluments in the economy during the first quarter of this year. There has been an avalanche of appeals from enterprises that do not want to agree with their parent bodies with respect to the selection of taxation formulas. The Ministry is said to have adopted the principle of a "negative opinion." There are many unclear questions, however. Many of them are associated--as in the case of the PFAZ--with the definition of the base from which the increase in the emoluments fund will be calculated. Based on the tax rules, no more than a 12-14 percent increase in emoluments should result. There are desperate ones, however (he called them the "suicide faction"), who raise wages in spite of everything. These desperate ones also include some of our industrial giants.

Since the growth rate of nominal emoluments during this entire year has been at a level close to their growth (not counting wages from profits) during the first quarter of last year, then in order to maintain a state of the market consistent with the assumptions of the plan (with other elements of the economy behaving as assumed), prices should also be increased by several percent more than the level defined in the plan.

Kazimierz Ryc, citing this part of the discussion, stated that during the first 10 days of June, the working group would discuss in detail the problems of the current formation of emoluments, and would try to assess the threat associated with the outflow of money.

The discussion of prices--in contrast to the discussion of wages--aroused less emotion, and was a bit reminiscent of a scientific symposium. Assistant Professor Bruno Gorecki and Dr Andrzej Welfe presented the results of research showing how changes in the prices of different groups of goods influenced the level of demand. The changes in food prices, as it appears from this research, are causing considerable changes in demand, not only in the food market, but also in the market for nonfood goods. A. Welfe favored maintaining relatively stable relationships between the level of incomes and the prices of alcoholic beverages.

The working group will return to the problems of price formation after the June discussion of wage trends. If prices are changed, it is necessary to take into account their consequences in various markets, not just in the markets for whose goods the prices are changed. Furthermore--as was clearly stated in the report from the Economic Consultative Council that was published on our pages (ZYCIE GOSPODARCZE No 16--it is also necessary to take into account the consequences of that particular choice of price structure for people's behavior not just as the purchasers of goods, but also as wage earners.

The elimination of the pressure of claims would require genuine interest on the part of enterprises in the economical management of production factors. The absence of such an interest is a result of too superficial implementation of the reform rules. The formulas for the taxation of an above-norm wage fund, in their present form, are unfortunately only a palliative in view of the lack of appropriate rules for the financial game that would force all enterprises to engage in economical management--all of them, including the giants. The flattening of wages within enterprises, as Prof Leszek Borcz emphasized, demonstrates that emoluments are not being taken into account as an element in the calculation of costs.

Similar problems were also discussed by Prof Remigiusz Krzyzewski. According to him, the main inflation-generating factors are reduced rates and payments from the budget to enterprises and other economic units. As a result, the excessive increase in wages is not covered by the results worked out by enterprises, and leads to excessive emission and inflation.

Another negative consequence of the excessive expansion of budget payments--along the way--is the attempt at a partial "deflection" of this through the budget and through an increase in income tax rates, which in extreme cases may lead to a decrease in enterprises' interest in increased profits.

What is the way out of this vicious circle? The working group--in accordance with the plan it has adopted--wants to deal as well with subsidies and reduced rates in the second half of the year, and also the credit system. Will it, however, have enough persistence and strength to deal consistently with so many complex problems, with which the entire Commission on the Reform, and others, have not been able to cope?

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NEGOTIATED PRICE LEVELS EXAMINED

Warsaw RZECZPOSPOLITA in Polish 9 Jun 86 p 5

[PAP article: "Monitoring Contract Prices"]

[Text] On 7 June, there was a regular meeting of the group appointed by the Government Presidium to investigate and assess the correctness of increases in contract prices by economic units.

It was presented with reports from the Ministry of Finance and the Ministry of Domestic Trade and Services on the results of the second stage of the monitoring of the rules for increases in contract prices and on the influence of trade upon the level of negotiated prices. In May 1986, the treasury chambers monitored contract prices at 120 economic units producing industrial goods such as furniture, clothing, knitted goods, and metal and chemical products. The enterprises monitored raised a third of the prices for the product ranges they produced, i.e. less than the enterprises monitored in March, which raised half of the prices.

There was a marked decrease in the size of the increases in individual prices. Over 45 percent of the prices were increased by 10 percent or less, while previously such increases were one fourth of the total. There was a substantial decline in the proportion of increases exceeding 25 percent. Cases of producers using price increases to cover the consequences of their own inefficiency are still being encountered, however.

The group, which was chaired by Jozef Koziol, considered it necessary to continue the monitoring and observations of changes in contract prices, which can be changed by enterprises, but while preserving the legal and economic price formation mechanisms resulting from the principles of the reform. It was also considered necessary to strengthen the role of trade units in determining the level of contract prices.

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INTEREST IN WORKER PARTNERSHIPS GROWS

Warsaw RZECZPOSPOLITA in Polish 11 Jun 86 pp 1,5

[Article by B. P.: "Increase in the Activity of Worker Partnerships"]

[Text] It is apparent from the reports and observations of employment offices that plant worker partnerships are developing successfully in terms of their numbers, and are also expanding the sphere of their activities.

This became possible as a result of an amendment last October to the regulations, according to which partnerships can be organized in all sectors of the national economy and can undertake nearly every type of production.

It is believed that this liberalization of the regulations contributed to surmounting personnel difficulties and bottlenecks in production at more than one plant. Furthermore, the partnerships create an opportunity to help out the household budget, and supplement a salary or pension. Here are some stories about the development of this form of employment in several provinces.

In the Szczecin province, according to Teresa Pacula, the director of the Provincial Employment Office, the number of worker partnerships has grown several times over in comparison with 1985, and the value of the production obtained in this manner has also been multiplied. The average monthly additional earnings of a member of a partnership amount to 12,000 zloty, and the productivity of labor is also at a higher level than before: for every zloty paid to a member of a partnership, there is production worth 8 zloty. Partnerships are mainly engaged in production for the market, along with the semimanufactured products required for it. Their activity frequently serves antiimport purposes: repairs and the salvaging of machinery and spare parts for the machinery. Partnerships engaging in designing and in the assimilation of technical progress are also beginning to function more and more frequently.

The workers at the Domestic Trade Transportation Enterprise in Szczecin came forward with an interesting initiative. On free Saturdays, using the vehicles not in use then, they provide moving services to the public. Partnerships at the Gas Plant in Szczecin have also engaged in service activity. They draft technical designs for installations in buildings, primarily in response to orders from private individuals, who until recently had a great deal of difficulty in placing such orders at design bureaus.

According to a report from the Provincial Employment Office in Katowice, there has also been a considerable increase in that area in the number of worker partnerships; this is due, among other things, to a widely conducted propaganda campaign. This form of employment was decisively popularized during this year's nine labor exchanges. According to the statistics for the first quarter of this year, the number of people working in the partnerships was about 3,000. The earnings of the members of the partnerships vary, but the average for this year is about 9,000 a month. At some enterprises, it is even as high as 20-25 thousand zloty. A large number of partnerships--and not just in the Katowice province--are engaged in casual and seasonal labor, for example in the dairy industry, agricultural and meat processing, the manufacture of cold beverages, etc.

Among the more interesting, one may cite the Bytom Housing Cooperative, where the partnerships engage in apartment repairs and maintenance. At PKS [State Motor Transport] branches, they undertake repairs of the vehicle fleet, for example during periods of an increase in trips. Other extremely useful activities include the repair and modernization of water pipelines and the sewage network, and the drilling of wells, i.e. services on behalf of the communal economy that are in short supply today but are very necessary.

According to an assessment by the employment service in the Olsztyn province, last year's liberalization of the regulations intensified the activity of worker partnerships in that province. This includes repairs to buildings, machinery, and plumbing, often ventures undertaken on a large scale and valuable in view of the damage to plants' fixed assets. Thus, at the Energy Plant in Olsztyn, partnerships undertook the replacement of insulators, at Bumar in Magrowo they were involved in maintenance of the roof and production shops, and at the Agricultural Machinery Factory in Dobre Miasto numerous partnerships were engaged in repairs to the warehouses and the railroad siding, among other things. At the Dairy Cooperative in Nidzica, the work of the partnerships consists of repairing the complicated water and sewage plumbing.

It appears from the reports from the employment offices that unfortunately retired people, annuitants, and women on leave to raise children are still not as active in worker partnerships as anticipated.

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STEEL MILL PRODUCTION JAN-MAY 86

Warsaw RZECZPOSPOLITA in Polish 10 Jun 86 p 2

[PAP article: "Steady Work in Metallurgy"]

[Text] The "ferrous" metallurgy enterprises are successfully carrying out this year's tasks. After the first 5 months of this year, the production of many metallurgical products is higher than planned, including: coke, 1.3 percent higher; pig iron, 3 percent; unwrought steel, 1.6 percent; steel pipes, 2.1 percent; cold-rolled sheet metal, 2.7 percent; and rolled products, 0.3 percent.

There was also an improvement in supplying customers with 91 types of products of which there had previously been a shortage, and the production of which was covered by contracts concluded between the steelworks and the metallurgical and machinery industry ministries. This allowed alleviating the supply difficulties caused by limited import possibilities.

On the other hand, the production plan for tin-plated and galvanized sheet metal was not fully met, in view of the assembly line repairs performed during this period at the Lenin and Florian steelworks.

The metallurgical industry's achievement of generally favorable production results is above all due to the steady work of a definite majority of the metallurgical plants, and is also a consequence of the fulfillment of the precongress obligations assumed by the metallurgy work forces.

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1985 AUTO EXPORT PICTURE DESCRIBED

Warsaw AUTO-TECHNIKA MOTORYZACYJNA in Polish No 5, May 86 pp 6-7

[Article by Andrzej Wladyka, director of the Foreign Trade Agency Polmot SA: "Automobile Industry Exports in 1985"]

[Text] The export performance of the automobile industry in 1985 was very good. It certainly surprised those who saw no sense in investing in this industry and who, at the beginning of the 1980's, subjected the development plans, especially those for the Automobile Factory and the Compact Car Factory, to sharp criticism. In 1984, as part of a discussion of the selection of export areas in the electro-mechanical industries, one specialist in foreign trade demanded an end to the production of passenger cars at the Automobile Factory and a switch to the production of construction equipment.

In the meantime, in 1985, the automobile industry exceeded its export goals by a large surplus in both currency zones, displaying high export growth. The export performance to the second payments area was particularly auspicious. This fact must awaken special satisfaction because of the value of these exports for the national economy with its huge debt burden. We should remember that after the record exports of 1980, when Polmot exported 358.4 million dollars worth of goods to dollar zones, the next 3 years showed a decline in exports. Only in 1984 was this pattern broken.

In 1985 the value of exports by the automobile industry to both currency zones reached 59.2 billion zloty, which is 168.2 percent of the previous year's exports. (Footnote) (These data include the total exports by the stock company Polmot, which were 49.8 billion zloty and of the Compact Car Company which exported 9.6 billion zloty worth of goods. Further, Polmot exports automobile products and provides service and garage equipment.) Exports to the second payments area grew even more. The results for 1984 and 1985 should be expressed in U.S. dollars since this permits us to compare the data without the effects of changes in exchange rates. While exports were $93.6 million, in 1985 they rose to $179.5 million, for an increase of 181 percent.

The portion of automobile industry exports to the second payments area constituted 10.5 percent of the total exports by the Ministry of Metallurgy and Machine Building Industry. The automobile sector is the largest exporter, significantly exceeding other industries.

The export performance by the automobile industry must be evaluated against the background of the extremely difficult external conditions of intensifying competition on markets and of the domestic, a long-term slide in investment and a lack of new passenger car models.

Nevertheless, automobile exports to many countries has achieved a leading position in the total value of exports, or in comparison with other branches of the electro-machine industry. This applies especially to such countries as the Chinese People's Republic (exports of the full range of passenger cars, trucks, and buses), The Hungarian People's Republic (the Fiat 126p and 125p, Star trucks and cooperatively produced products), Italy (Fiat 126p), Great Britain (the Polonez and Fiat 125p), Egypt (an assembly plant for the Polonez, Zuk and Nysa light trucks and Autosan buses). Automobile exports play a significant role in trade with the USSR. Polmot ships a broad assortment of finished products and cooperatively produced goods. Among them are Zuk and Nysa light trucks, service centers, trailers, service stations and brake systems licensed by Westinghouse for trucks, cooperatively produced goods for passenger cars, etc. The total value of exports for 1985 was 231.6 million rubles, an increase over last year.

On other markets like Belgium, France, Denmark, Yugoslavia, automobile exports constitute an important item in Polish electro-machine exports.

In 1985, there was a good change in the structure of export assortments. There was a significant increase in the total trade of commercial vehicles such as trucks and tractors produced by the Truck Factory in Starachowice and the Jelcz Automobile Works and buses produced by the Sanok Automobile Factory and the Jelcz factory. This increase was primarily in the second payments area, where it increased from 13.2 percent in 1984 to 32.5 percent in 1985.

In previous years the low exports by the truck factories (given their productive capacity) caused considerable concern and was analyzed by the Supervisory Council and the Board of the stock company Polmot. The changes made led all producers of assembled commercial vehicles to become important exporters.

The export of both passenger car factories increased significantly although their percentage of total exports declined slightly due to the strengthening of the truck and bus factories' position as mentioned above. The Automobile Factory in Zeranie set new records, particularly due to increased orders from China and the improvement of exports to some West European markets (Belgium, Finland, Denmark). In 1984 exports amounted to 18,692 units, of which 17,624 were sent to the second payments area while in 1985, they were 30,048 units and 27,100 units respectively. For the first time, the number of Polonez vehicles shipped exceeded the number of FSO 1500 vehicles shipped. This happened because of the large Chinese order for these vehicles, although there was also increased interest in this model in Western Europe at the expense of the FSO 1500. In order to maintain the high level of exports, it is becoming increasingly urgent to produce a new model to replace the FSO 1500.

The Compact Car Factory in Bielsko-Biala increased its exports from 42,337 units in 1984 (35,475 to the second payments area) to 59,936 units and 52,134 respectively (including 44,598 units to Fiat). This is certainly an impressive achievement that should be credited to the modernization, the so-called "face lifting," done in 1984-1985. The West European customer is very sensitive to changes in the external appearance of an automobile and its continuing modernization. These improve its sales potential. The past year confirmed that the Compact Car Factory built in 1971 is a good example of the international division of labor. This factory has specialized in the production of an automobile that is not in great demand on Western European markets (currently it has reached its greatest sales potential), but since there is little competition in this class the prospects for long-term exports are excellent.

Thus, the current export formula has passed the test and should be continued in the future.

Despite sharp competition and their dated products, we should be very satisfied that both car factories have achieved high export growth to the second payments area (the Automobile Factory 181 percent; the Compact Car Factory 147 percent). As far as the other producers are concerned, the continuing high level of exports to the first payments area, especially to the USSR, must be emphasized. These include the Mechanical Equipment Plant in Praszka (producer of brake systems for trucks) and the Techmaprojekt Enterprise (supplier of service stations). The Truck Factory in Lublin and the Light Truck Factory in Nysa maintained last year's level of exports.

Total exports of light trucks in 1985 were 13,182 units (Truck Factory Lublin-7,735 units, Light Truck Factory Nysa-5,447 units). The decline in shipments of the CKD series from the Truck Factory in Lublin to the Eltramco assembly plant in Egypt, over which the factory had no control (license fee problems), was a negative sign.

There were significant changes in the geographical structure of the exports. The most important event was the conclusion of a large contract with the Chinese which made the Chinese second only to the USSR as a market for automobile products and the largest market in the second currency zone. As mentioned above, it is also significant that the range of supplied products is broad and six automobile factories are participating.

In China, the Polish exporter's most important task is setting up a technical service system. In view of the past year's experience, it is a most demanding market and in many respects more demanding than Western European markets. There are a number of causes: distribution problems that force lengthy storage in ports, a poor service network, inexperienced drivers, the dispersion of the automobiles over the entire country, bad roads and tropical conditions in the southern portion of the country with which our industry has little experience.

These characteristics required unconventional approaches to many problems, especially training and setting up a service network. The maximum care for this market and skillful solution of problems as they occur is essential for us to establish a lasting presence in China. Great weight has been attached to establishing a lasting relationship with the Chinese automobile industry through cooperative production. Talks on this issue are underway, and the modernization of a factory in northern China is the most advanced project.

As regards other geographical changes in automobile exports, we should note the strengthening of Polmot's and the Automobile Factory's position in Western European markets (Belgium, Denmark, or Finland, for example), which were among the Automobile Factory's largest a few years ago. The increase in cooperative exports to Steyr-Daimler-Puch in Austria by the Jelcz Automobile Works is also noteworthy.

Among the minuses, we should note a decline in cooperative trade with Yugoslavia that began in 1967 between Polmot and the Automobile Factory on the one hand and Crvena Zastava on the other.

Domestics exports by Polmot in 1985 were 30,432 units, including 21,670 of Polish production (Automobile Factory-7,633 units and the Compact Car Factory-14,037 units). They produced an income of $58.4 million and 4,505 million zloty. The year 1985 brought an improvement in the profitability of the automobile. While changes in exchange rates and the depreciation of the dollar played a role (the majority of exports are in national currencies: Swiss francs, lire, pounds), directing sales to more profitable markets and raising prices on passenger cars were not without significance. The assortment and geographical structures should be maintained in 1986 and beyond.

All factories producing final products (passenger cars, light trucks, trucks, and buses) and cooperating plants should participate in exports.

In exports by enterprises not in the Association of the Automobile Industry, exports of service stations, especially through Techmaprojekt will continue to be important. Exports of other products like cement haulers and service and garage equipment can also be increased.

The dominant markets will remain the USSR in the first payments area and the People's Republic of China in the second. The Hungarian market and the markets of Western Europe (especially Great Britain, France, Belgium, Denmark, Finland, and Egypt) will also be important. Polmot's major task will be to increase its exports to the developing countries. Future exports will depend significantly on modernizing the industry and the production of new vehicle models. This is particularly true of passenger cars, which have undergone a tremendous "model acceleration" in recent years, and large sums are being marked for the development of this industry both in the capitalist and socialist countries (USSR, CSSR, the GDR, Yugoslavia). Thanks to the resolutions adopted by the government presidium concerning the development of the Automobile Factory and the Compact Car Factory and the production of new models, the formal conditions for action to conclude appropriate contracts with foreign partners have been created.

Polmot and the two factories conducted numerous talks in this direction in 1985 and have selected some partners. A contract with Fiat to restyle the 126 was signed, and a purchase credit of $50 million on favorable terms was signed. The Polish side aims to conclude an agreement on the production of a newer model both at the Automobile Factory and the Compact Car Factory as soon as possible. Completion of this project is being hampered by the West's continuing policy of credit restrictions against Poland.

It is impossible to complete negotiations without receiving credits to finance both undertakings. Another problem is self-financing the projects either through guaranteed purchases or appropriately wide-ranging report rights in the contracts.

13021/8309
CSO: 2600/490

AUTO IMPORTS FROM SOCIALIST COUNTRIES TO INCREASE

Warsaw ZYCIE WARSZAWY in Polish 6 Jun 86 p 2

[Text] Imports from the socialist countries are expected to be significantly greater this year than in 1985. If the plans of the Polmot Company are met, it will purchase 25,000 automobiles or 7 percent more than last year. This applies particularly to Soviet automobiles. Poland is supposed to purchase about 7,000 Lada 2105 and 21072 models or about 4,000 more than last year.

We should note that the Lada 21072 is a newer model and our Soviet partners began selling it to Poland only last year. These vehicles are equipped with more comfortable seats, wipers on the headlights and seat belts. These automobiles have a 1300 cm3 engine. Most of the Ladas, however, are to be sold through domestic export. In the coming year, as is currently planned, we will purchase about 3,000 Lada 21072's. During the current year the USSR is to supply us with 1,000 Zaporozhetse's and 760 UAZ 469 off-road vehicles, used in Poland by geologists and power industry workers. We will also receive 350 Volga 2410's. Polmot has also stated that the shipments have been received on schedule.

We will import 8,400 Wartburgs this year from the GDR, 800 more than in 1985. The majority of these vehicles will, however, be sold through domestic export. Execution of the contract begins this month. Since May, on the one hand, supplies of Trabants have been arriving, and we will buy a total of 3,700 of these vehicles this year, including 500 adapted for invalids. Last year Polish consumers received 4,600 of these vehicles.

Due to environmental regulations in the new traffic law, this was supposed to have been the last year that vehicles with two-cycle engines would be imported from the GDR. However, due to the demand in Poland, imports to these vehicles are to continue during the coming year. It is estimated that 6,000 Wartburgs and 3,700 Trabants, including 500 adapted for invalids, will be purchased.

It is still difficult to predict the situation with imports from Czechoslovakia, for no contract has been signed. The purchase of 3,000 Skoda 105S and 105L's is expected. A large portion of them are to be sold through domestic export. Last year there were no imports from Czechoslovakia.

Present indications are that import of the Romanian Dacia 1310 will be discontinued. Last year we imported 500 of these vehicles, but no contract has been signed for this year. We will receive 1,500 Aro off-road vehicles primarily for businesses. Last year we bought 2,000 of them.

Despite this increase in imports, the demand for passenger cars from the socialist countries will still be far from satisfied. This applies especially to the Lada.

13021/8309
CSO: 2600/490

DATA GIVEN ON INCOME OF AGRICULTURAL HOUSEHOLDS

Belgrade EKONOMSKA POLITIKA 21 Apr 86 pp 29-30

[Article by V. Karakasevic: "More Steadfast in Inflation"]

[Test] The depressive policy adopted toward agriculture and private farming in Yugoslavia has led to significant demographic and economic changes in rural households. Young people have suddenly left for the cities and industrial centers, for the public and non-agricultural sector, the public sector which has provided precious and cost-free health insurance for the family. Similarly, many persons who have remained in the rural household have found outside jobs. Many so-called mixed households have thus come into being in Yugoslavia. From the social viewpoint they are the most secure ones for the population, but from the economic viewpoint they are the most unproductive ones, in both agriculture and other activities. It has long been a maxim in our country that the countryside loses a good farmer and industry gains a poor worker. However, this is a consequence of a political and economic system built in isolation from the working of the laws of economics and the elementary economic logic followed as a guide by the rural population. These laws and this logic bind the farmer equally to a job in the public sector and to his own farm. So the situation now is that monetary income from the farm represents only one-third of the disposable income of the rural household. Another third is made up of money earned by work outside the farm, mainly from employment and social welfare payments, and the last third by other monetary receipts (from sale of real estate and implements, loans, dowries, etc.), household consumption in kind, and so forth. In individual regions of the country, income from work done outside the farm represents the dominant portion of income in the rural household budget (46 percent in Montenegro, 49 percent in Bosnia and Herzegovina, 52 percent in Slovenia, etc.).

The steep rise in the prices of food and food products over the last 5 to 6 years has convinced the urban population that the income of farmers has increased sharply and that their economic situation and personal standard of living have abruptly improved. There are unquestionably cases in which individual farmers have become affluent, and there are farm households with annual incomes of several tens of millions of dinars. On the whole, though, farm household income barely meets the needs of a modest life style for the members of the household and of farm capital replacement. And the fact that in recent years farmers have seemed to bear up better under the high current inflation rate may be explained by the circumstance that they have not dared engage in specialized commodity production but grow a variety of crops. In short, they make up for the damage suffered in other areas, they themselves producing most of the food they need, owning their own homes, etc.

Major regional differences. The most recent processed data on rural household incomes date back to 1983. Under more stable economic and other conditions, they would be reliable values on which to base long-range findings. Since such conditions do not prevail in Yugoslavia, however, and especially not in the agricultural sector, only if considerable caution is exercised may the results of 2 to 3 years ago be used as indicators of current relationships. In 1983, the monetary income of the average, purely agricultural Yugoslav household owning a farm amounted to 236,717 dinars. The household earned 211,592 dinars from the sale of farm products and livestock. This amount included 52,902 dinars from the sale of grain, 9,108 from industrial crops, 15,429 from vegetable crops, 1,709 from stock feed crops, 8,178 from fruit growing, 4,343 from grape growing, 120,923 from livestock raising, 3,300 dinars from sale of medicinal plants, wild game, wood, lime, etc., and 423 from sale of craft products. Among other items, the income from farming with livestock and machines was 7,485 dinars, 1,641 from leasing land, buildings, machinery, etc., 3,094 from sale of land, buildings, machinery, and implements, 5,117 from credit, and 4,064 dinars from other sources.

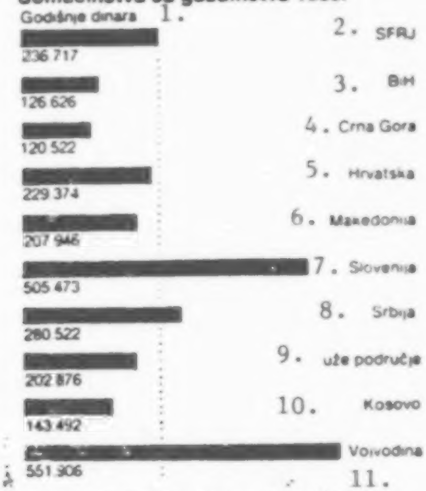
All the foregoing represents the income of the average Yugoslav rural household, not counting the portion earned outside the farm. This average covers a wide range of differences, which unquestionably are greater than those between members of the population employed in non-agricultural jobs. In 1983, the highest farm income was that of a rural household in Vojvodina, 551,906 dinars. This was 4.57 times higher than rural household income in Montenegro, 120,522. The rural household in Slovenia had an income of 505,473 dinars, and in Croatia 229,374, while the lowest income, next to that of Montenegro, was that of rural households in Bosnia-Herzegovina (126,626) and Kosovo (143,492).

By way of comparison, a worker household with 4 members (approximately the same number as in the rural household) had an average annual income of 311,688 dinars, not counting credit, loans, and savings. The highest annual income was that of worker households in Slovenia (451,656 dinars), and the lowest in Kosovo (236,028 dinars).

Sources of income. Just as the level of farm household income varies, so also the structure of this income differs. Both differences are due, of course, to the different pedological, climatic, and other geographic conditions in individual regions, but also to economic circumstances, resourcefulness, education and culture, customs, and other socioeconomic characteristics of the rural population in the individual republics, provinces, or smaller administrative areas. Income from crop growing predominates in Vojvodina (55.3 percent), Macedonia (45.1 percent), and Kosovo (43.7

Monetary Income of Farm Households from Farming 1983

Novčana primanja poljoprivrednog domaćinstva sa gazdinstva 1983.

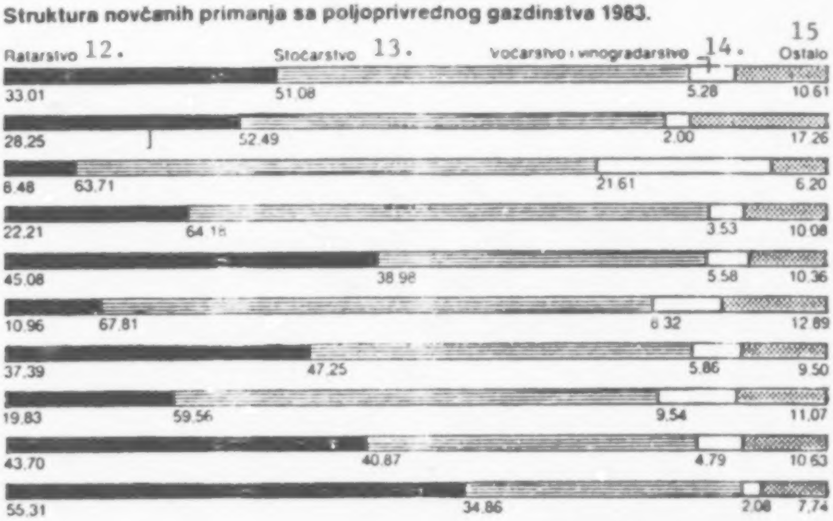


Ekonomska politika, 1777, 21. april 1986

Key:
(1) Annual amount, dinars
(2) SFR Yugoslavia
(3) Bosnia & Herzegovina
(4) Montenegro
(5) Croatia
(6) Macedonia
(7) Slovenia
(8) Serbia
(9) Without provinces
(10) Kosovo
(11) Vojvodina

Structure of Monetary Income From Farm Households 1983

Struktura novčanih primanja sa poljoprivrednog gazdinstva 1983.



Key:
(12) Crop growing
(13) Livestock raising
(14) Fruit and grape growing
(15) Other

percent). Farm households earn the bulk of their income from livestock raising in Slovenia (67.8 percent), Croatia (64.2 percent), Montenegro (63.7 percent), Serbia less the provinces (59.6 percent), and Bosnia-Herzegovina (52.5 percent). Fruit growing accounts for the greater part of farm household income in Montenegro (21.6 percent). Such comparisons are significant only as a basis for analysis of income structure. For instance, the 63 percent of income from livestock raising in Montenegro represents only 76,791 dinars per household, while the 35-percent share of livestock raising in the income of the household in Vojvodina amounts to 192,418 dinars.

Out of its total monetary income, the rural household in 1983 spent 123,204 dinars or 52 percent on the farmstead (54 percent in Vojvodina, 56 percent in Slovenia, etc.). A very small portion of expenditures for the farmstead was represented by investment in farm expansion (purchase of land and livestock, building of structures), 15.5 percent, while the largest portion, 62.7 percent of total farmstead expenditures, were current expenses for purchase of seed, livestock feed, fertilizers, weed killers and pesticides, fuel, minor tools and implements, etc. Farm households paid out 6.2 percent of the total farmstead expenses for taxes and insurance (the minimum being 3.7 percent in Slovenia, and the maximum 8.5 percent in Macedonia).

Lastly, rural households spent about 42 percent of money earned on the household and to meet the individual needs of household members. Of this amount, 15 percent was spent on food. At the same time, a four-member worker household spent about 35 percent of its income on food. The rural household spent 5.5 percent on clothing and footwear, and the worker household about 8 percent of its income. Expenditures for household furnishings and appliances for the rural household absorbed about 3.5 percent of monetary income, approximately as much as in the worker household. In both kinds of households, around 2.5 percent of income was spent on hygiene and health care. The rural household spent about 4.5 percent of earnings on housing, heating, and lighting, and the worker household about 9 percent.

And while workers and farmers from time to time cast envious glances at the portions on each other's plates, the statistical data show that the majority in both categories live near the borderline of minimum subsistence.

6115/9435
CSO: 2800/267

REPORTS COVERING VISIT OF SOVIET MILITARY DELEGATION

Arrival, Description of Soviet Delegation Leader

Sofia NARODNA ARMIYA in Bulgarian 16 Apr 86 p 1

[Unattributed article: "Today Arrived an Official Delegation From the USSR Armed Forces"]

[Text] At the invitation of the Member of the Politburo of the BCP Central Committee and Minister of National Defense, Army Gen Dobri Dzhurov, and the Member of the BCP Central Committee and Chief of the Main Political Directorate of the People's Army [GlPUNA], Col Gen Mitko Mitkov, today an official delegation arrived from the USSR Armed Forces and led by the member of the CPSU Central Committee and Chief of the Main Political Directorate of the Soviet Army and Navy, Army Gen Aleksey Lizichev.

Aleksey Dmitriyevich Lizichev was born on 22 June 1928 in Vologda Oblast. He has been an army general since 1986. He has been a member of the CPSU since 1949. He has been in the Soviet Army since 1946 and has completed the Military Political Academy imeni V. I. Lenin in 1957. From 1958 to 1965 he was in Komsomol work in the military districts and the Main Political Directorate of the Soviet Army and Navy. From 1965 to 1985, he held responsible positions in political bodies of the Soviet Army and Navy.

Since the month of July 1985, Army Gen Lizichev has been the Chief of the Main Political Directorate of the Soviet Army and Navy. He was a delegate to the 23d, 24th, 25th, 26th and 27th Congresses of the CPSU. Since the month of March 1986, he has been a member of the CPSU Central Committee. He was a deputy to the RSFSR Supreme Soviet, 9th and 10th sittings.

From March 1984, he has been a deputy to the USSR Supreme Soviet.

He has received the Orders of the Red Banner, Red Star, for Service to the Motherland in the USSR Armed Forces, 1st and 3d Degrees, medals, as well as foreign orders and medals.

Welcoming Ceremonies for Soviet Delegation

Sofia NARODNA ARMIYA in Bulgarian 17 Apr 86 pp 1, 3

[Article by Col Rangel Zlatkov: "Military Fraternity and Cooperation"]

[Text] Upon the invitation of the Member of the Politburo of the BCP Central Committee and Minister of National Defense, Army Gen Dobri Dzhurov and the Member of the BCP Central Committee and Chief of the GlPUNA, Col Gen Mitko Mitkov, yesterday an official delegation arrived in our country from the USSR Armed Forces and led by the Member of the CPSU Central Committee and Chief of the Main Political Directorate of the Soviet Army and Navy [GlavPU], Army Gen Aleksey Lizichev.

At the Sofia Air Terminal the delegation was met by the head of the Social and National Security Section of the BCP Central Committee, Col Gen Velko Palin, the Chief of the GlPUNA, Col Gen Mitko Mitkov, the deputy chiefs of the GlPUNA and generals and officers from the BNA [Bulgarian People's Army].

Also there was the extraordinary and plenipotentiary ambassador of the Soviet Union to our nation, Leonid Grekov, the military, air and naval attache under the USSR Embassy to Bulgaria, Maj Gen Givi Ordzhonikidze.

Also present was the representative of the commander-in-chief of the Joint Armed Forces of the Warsaw Pact countries to the BNA, Col Gen Aleksandr Zvartsev.

Pioneers presented flowers to the guests.

The afternoon at the Ministry of National Defense [MNO] was taken up with business meetings.

The delegation of the GlPUNA was led by the Chief of the Directorate, Col Gen Mitko Mitkov.

The delegation of the Soviet Armed Forces was led by the Chief of the GlavPU, Army Gen Aleksey Lizichev.

Col Gen Mitko Mitkov welcomed the guests on behalf of the Member of the Politburo of the BCP Central Committee and Minister of National Defense, Army Gen Dobri Dzhurov, and on behalf of the Bureau of the GlPUNA and wished them a pleasant and successful stay on hospitable Bulgarian land. He informed them of the unceasing activities in the country and in the BNA to carry out the decisions of the 13th BCP Congress, as well as the daily, effective, fruitful and timely party political work which encompassed all sectors of army life.

The Chief of the GlavPU, Army Gen Aleksey Lizichev in turn informed the Bulgarian hosts of the activities in the Soviet Union and in the Armed Forces to carry out the decisions of the 27th BCP Congress, of party political work as well as certain other problems in the life of Soviet soldiers.

After the business-like discussion meeting, the guests laid a bouquet of flowers in front of the Mausoleum and paid honor to the sarcophagus of the leader and teacher of the Bulgarian people, Georgi Dimitrov.

The Member of the Politburo and Secretary of the BCP Central Committee, Yordan Yotov, welcomed the delegation of the USSR Armed Forces led by the Member of the CPSU Central Committee and Chief of the GlavPU, Army Gen Aleksey Lizichev.

A meeting which was held in a cordial, comradely situation was attended by the Chief of the Social and National Security Section of the BCP Central Committee, Col Gen Velko Palin and the Chief of the GlPUNA, Col Gen Mitko Mitkov.

Here also was the extraordinary and plenipotentiary ambassador of the USSR to Bulgaria, Leonid Grekov.

The Soviet military delegation was received by the Member of the Politburo of the BCP Central Committee and Minister of National Defense, Army Gen Dobri Dzhurov, who welcomed the dear guests on behalf of the men and commanders of the BNA. The meeting was held in an exceptionally warm and cordial atmosphere and was turned into a vivid manifestation of the combat friendship between the BNA and the Soviet Armed Forces.

The meeting was attended by Col Gen Mitko Mitkov. Also here was the representative of the commander-in-chief of the Joint Armed Forces of the Warsaw Pact countries to the BNA, Col Gen Aleksandr Zvartsev, and the military, air and naval attache at the Soviet Embassy in Bulgaria, Maj Gen Givi Ordzhonikidze.

The First Deputy Chief of the GlPUNA, Lt Gen Ivan Bosev, read an order of the minister of national defense awarding the members of the Soviet military delegation the following medals: For Services to the BNA to Army Gen Aleksey Lizichev while the remaining members received For Strengthening Fraternity in Arms. Army Gen Lizichev expressed thanks for the decorations.

The delegation of the USSR Armed Forces laid a wreath before the Monument to the Unknown Soldier and before the Monument to the Soviet Army in the capital.

In the evening an official dinner was given in honor of the Soviet military delegation on behalf of the Chief of the GlPUNA, Col Gen Mitko Mitkov. It was attended by Army Gen Dobri Dzhurov, Col Gen Velko Palin, the deputy ministers of national defense, generals and officers of the BNA.

The dinner was attended by Army Gen Aleksey Lizichev and the remaining members of the Soviet military delegation.

Present were the extraordinary and plenipotentiary ambassador of the Soviet Union to Bulgaria, Leonid Grekov, the representative of the commander-in-chief of the Joint Armed Forces of the Warsaw Pact countries to the BNA, Col Gen Aleksandr Zvartsev, the military, air and naval attache of the Soviet Union to our country, Maj Gen Givi Ordzhonikidze.

A musical program was performed.

The first day of the visit by the official delegation of the USSR Armed Forces was carried out in a creative and business-like situation, in a spirit of unshakable combat fraternity and cooperation. The emissaries of the Soviet military were received most cordially as blood brothers. The meetings and discussions on Bulgarian land became an effective school for exchange of opinions on carrying out the 13th BCP Congress and the 27th CPSU Congress and the instructions of the first party leaders of the two countries, Comrades Todor Zhivkov and Mikhail Gorbachev, concerning the further strengthening, enrichment, widening and deepening of friendly ties in all areas between the BNA and the Soviet Armed Forces as well as for exchanging experience in the area of party political work in the fraternal armies.

Second Day of Delegation Visit

Sofia NARODNA ARMIYA in Bulgarian 18 Apr 86 pp 1, 3

[Article by Col Rangel Zlatkov: "In a Spirit of Unity and Military Friendship"]

[Text] Pleven, 17 April (by telephone from our special representative). Rich in events and full of intense business-like work was the second day of the visit to our country by the delegation from the USSR Armed Forces led by the Member of the CPSU Central Committee and Chief of GlavPU, Army Gen Aleksey Lizichev. The delegation was accompanied by the Member of the BCP Central Committee and Chief of GlPUNA, Col Gen Mitko Mitkov.

Early in the morning the guests landed at the airport in Dolna Mitropoliya, Pleven Okrug. They were met by the First Secretary of the BCP Okrug Committee in Pleven, Kuncho Kunev, party and state leaders from the okrug and city, generals, officers and cadets from the Georgi Benkovski VNVVU [Higher People's Air Force School]. Pioneers presented flowers to the guests.

In the building of the okrug party committee a meeting was held between the Soviet military delegation and the party and state leadership of Pleven Okrug. Kuncho Kunev described to the guests and those accompanying them the historic past of the city of Bulgarian-Russian friendship, the enthusiasm of the workers to carry out the decisions of the 13th Party Congress and the diverse instances of fruitful Bulgarian-Soviet friendship. The Soviet guests were presented with commemorative souvenirs on behalf of the okrug party committee.

After this the guests visited the Khristo Botev NShZO [People's Reserve Officer School]. Girls in national costumes greeted them according to the traditional Bulgarian custom with bread and salt. Down a line of students, the Soviet brothers in arms headed to the school headquarters. There a meeting was held with the command and the political section where Col Slaveyko Dimitrov, the chief of the school, acquainted the guests with the life, training and activities of the future BNA commanders. The envoys of the great Soviet Army examined with interest and studied the training facilities and laid flowers before the monument to the school's patron, the revolutionary poet Khristo Botev.

An impressive meeting of Bulgarian-Soviet military friendship was held. Taking their places on the rostrum were Col Gen Mitko Mitkov, Kuncho Kunev, party and state leaders from the okrug and city and BNA officers. Here also were Army Gen Aleksey Lizichev and the remaining members of the Soviet military delegation. A band played the national anthems of the Soviet Union and Bulgaria. The Chief of the Khristo Botev NShZO, Col Dimitrov, opened the meeting and turned the floor over to Col Gen Mitko Mitkov who spoke stirringly of the unbreakable friendship between the CPSU and the BCP, the BNA and the Soviet Army, between the two fraternal peoples and of the unceasing work in the nation and the army to carry out the decisions of the 13th Party Congress.

In his speech, Army Gen Aleksey Lizichev took up the dedicated work of the Soviet nation and the Armed Forces to carry out the decisions of the 27th BCP Congress and of the fraternity and unity between our fraternal armies.

The senior student Chingarov made a return speech in which he assured the Soviet brothers in class and arms that our mutual friendship is pure, holy, unbreakable and eternal.

After the meeting, Army Gen Aleksey Lizichev planted a young pine tree and along a line of students left the area.

The party and state leadership of the okrug gave a lunch in honor of the Soviet military-political delegation.

The guests laid flowers before the eternal flame of the ossuary mausoleum. They viewed the Panorama of the Liberation War and the sights of the city.

Each meeting with the Soviet combat brothers in class and arms turned into a spontaneous expression of our sincere and unbreakable friendship and complete unanimity on all questions.

Third Day Visit to Plovdiv

Sofia NARODNA ARMIYA in Bulgarian 19 Apr 86 p 1

[Article by Col Rangel Zlatkov: "Like Sun and Air"]

[Text] Plovdiv, 18 April (by telephone from our special representative). The ancient and young Plovdiv greeted the representatives of the great Soviet Army in fresh spring finery. The Soviet military-political delegation led by the Member of the CPSU Central Committee and Chief of the GlavPU, Army Gen Aleksey Lizichev, and accompanied by the member of the BCP Central Committee and Chief of the GlPUNA, Col Gen Mitko Mitkov, had a number of interesting and fruitful meetings.

Before lunch at the okrug party committee, a business-like meeting was held with the party and state leadership of Plovdiv Okrug. It was attended by the Member of the BCP Central Committee and First Secretary of the Okrug Party Committee, Ivan Panev, the Member of the BCP Central Committee and Chairman of the Okrug People's Councils, Stoyan Koshulev, and other officials. Ivan Panev spoke on the history, the present and future of this beautiful city, of the inspiration of the working people to carry out the plans of the 13th Party Congress. Particular attention was paid to the exceptionally great aid of the Soviet Union, of its institutes and enterprises to the socioeconomic development of the okrug and city.

After this the military-political delegation from the Soviet Armed Forces visited the chief of the garrison. Lt Gen Panayot Panayotov spoke about the problems which are being solved in carrying out the high party demands in a spirit of the 13th BCP Congress.

Later on the guests viewed the Monument of Liberators where they laid flowers; the memorial to those who lost their lives in the struggle against Turkish slavery, capitalism and fascism; the old part of the city. In the afternoon the delegation visited the OZOT [Computer and Office Equipment] Combine, and became acquainted with its production. At the Maritsa Vegetable Production Institute the guests were greeted with bread and salt and were acquainted with the modern nature of the laboratory for textile crops.

The third day of the visit by the military-political delegation from the Soviet Armed Forces turned into a cordial expression of fraternity between our peoples and armies. Those who spoke at the various useful meetings confirmed the immortal words of the leader and teacher of the Bulgarian people that friendship with the Soviet Union is as vitally essential as sun and air for any living being.

Final Ceremonies, Departure of Delegation

Sofia NARODNA ARMIYA in Bulgarian 21 Apr 86 pp 1, 3

[Article by Col Rangel Zlatkov: "Military Cooperation, Unanimous Opinion on All Questions"]

[Text] The fourth day of the visit by the Member of the CPSU Central Committee and the Chief of the GlavPU, Army Gen Aleksey Lizichev, and the delegation headed by him was devoted to examining the places and monuments related to the revolutionary history of the BCP and the people and to the gratitude of Bulgaria for the Russian and Soviet liberators.

The envoys of the great and legendary Soviet Army and Navy, accompanied by the Member of the BCP Central Committee and the Chief of the GlPUNA, Col Gen Mitko Mitkov, early on Saturday morning landed at Stara Zagora Airport. They were met by the Member of the BCP Central Committee and First Secretary of the Okrug Committee, Mincho Yovchev, and by other party and state leaders. They immediately left for historic Mount Buzludzha in order to view the sanctuary of our revolutionary history, of the national and international pride of a Bulgarian, the Party House Monument. The hospitable hosts in the person of the Secretary of the Obshtina Party Committee in Kazanluk, Comrade Dobrev, provided a pleasant environment.

The trip to Mount Stoletov turned into an exceptionally interesting experience for the guests most of whom were visiting these places for the first time. Everyone examined with emotion the monuments of gratitude from the Bulgarian people to their liberators from Turkish slavery. The representatives of the Soviet Army and Navy paid homage to the feat of the Russian soldiers and Bulgarian militiamen immortalized in hundreds of works of art.

When I observed the exceptional interest, great emotion and desire not to miss a single detail from the history of our own party, from the epic battles of the Russian knights against the Russian invaders, I was full of a sense of pride that our motherland had preserved over the ages this great feat and immortal glory. Everywhere the guests expressed their impressions which were a spontaneous expression of acknowledgment of the feat and of respect and gratitude for the Bulgarian recognition of this feat.

Later the Soviet military-political delegation returned to the capital. In the evening a cocktail party was held at the Soviet Embassy given by the extraordinary and plenipotentiary ambassador of the Soviet Union to Bulgaria, Leonid Grekov in honor of the envoys of the Soviet Army. Attending were the Member of the Politburo of the BCP Central Committee and Minister of National Defense, Army Gen Dobri Dzhurov, the First Deputy Minister of National Defense, Col Gen Khristo Dobrev, the Chief of the GlPUNA, Col Gen Mitko Mitkov, the deputy ministers of national defense, the deputy chiefs of the GlPUNA and generals and officers from the BNA.

Also there was the Soviet military-political delegation led by Army Gen Aleksey Lizichev.

Also in attendance was the representative of the commander-in-chief of the Joint Armed Forces of the Warsaw Pact countries to the BNA, Col Gen Aleksandr Zvartsev, the military, air and naval attache at the Soviet Embassy in Bulgaria, Maj Gen Givi Ordzhonikidze.

Yesterday morning the Soviet military-political delegation left the country. At the Sofia Air Terminal, it was seen off by the Head of the Social and National Security Section of the BCP Central Committee, Col Gen Velko Palin, the Chief of the GlPUNA, Col Gen Mitko Mitkov, the deputy ministers of national defense, the deputy chiefs of the GlPUNA, the generals and officers of the BNA.

Present at the departure was the extraordinary and plenipotentiary ambassador of the Soviet Union to our nation, Leonid Grekov, the representative of the commander-in-chief of the Joint Armed Forces of the Warsaw Pact countries to the BNA, Col Gen Aleksandr Zvartsev, the military, air and naval attache of the Soviet Embassy in our country, Maj Gen Givi Ordzhonikidze.

Pioneers presented flowers to the guests.

The brothers in class and arms have left hospitable socialist Bulgaria and taken with them our great affection for the soldiers of the great and invincible Soviet Army and Navy, for the Armed Forces of the nation of immortal Lenin. Until new meetings, Soviet brothers in arms!

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2200/114

CONDITIONS FOR ADMISSION TO MILITARY ACADEMIES, SCHOOLS

Sofia NARODNA ARMIYA in Bulgarian 16 Apr 86 p 2

[Announcement of the Ministry of National Defense Concerning the Admission of Cadets and Scholarship Holders of the Ministry of National Defense for the 1986-1987 Academic Year]

[Text] A. Admission of Cadets to Higher Military Schools

The V. Levskiy Higher People's Military School [VNVU] in V. Turnovo

The school has a command, command-engineer, engineer, rear and political specializations.

1. The command specialization with a period of instruction of 4 years has the following specialties: "Motorized Rifle Troops," "Border Troops," "Tank Troops -- Line," and "Motorized Rifle Troops -- People's Police."

2. The command-engineer specialization with a period of instruction of 5 years has the following specialties: "Signal Troops," "Chemical Troops," "Motor Vehicle Troops" and "Engineer Troops."

3. The engineer specialization with a period of instruction of 5 years has the specialty "Tank Troops -- Technical."

4. The specialization "Rear" has the specialty: "Food and Clothing Supply" and "Fuel-Lubricating Materials." The period of instruction is 4 years.

5. The political specialization has a period of instruction of 4 years.

The Georgi Dimitrov Higher People's Military Artillery School [VNVAU] in Shumen

The school has command, command-engineer, engineer and political specializations.

1. The command specialization with a period of instruction of 4 years has the specialty "Ground Artillery."

2. The command-engineer specialization with a period of instruction of 5 years has the specialties: "Artillery Technical Troops" and "Artillery Reconnaissance and Observation, Geodesy, Cartography and Photography."

3. The engineer specialization with a period of instruction of 5 years has the following specialties: "Artillery Weapons," "Radars," "Automatic Control Systems" and "Antiaircraft Troops."

4. The political specialization has a period of instruction of 4 years.

The Georgi Benkovski Higher People's Air Force School [VNVVU] in D. Metropoliya

The school has command-engineer and engineer specializations.

1. The command-engineer specialization has the following specialties: "Pilot," "Navigator" and "Air Forces Staff."

The period of instruction is 5 years and for the specialty "Pilot" 4.8 years [text unclear].

2. The engineer specialization with a period of instruction of 5 years has the following specialties: "Operation and Repair of Aircraft," "Operation and Repair of Aviation Equipment of Aircraft," "Operation and Repair of Communications and Radio-Technical Equipment" and "Operation and Repair of Aviation Weapons."

The N. Y. Vaptsarov Higher People's Naval School [VNVMU] in Varna

The school has command-engineer, engineer and political specialization, each with a period of instruction of 5 years.

1. The command-engineer specialization has the following specialties: "Navigation for the Navy," "Navigation for the Civilian Fleet," "Radar" and "Sonar."

2. The engineer specialization has the following specialties: "Navy Ship Machinery and Mechanisms" and "Civil Fleet Ship Machinery and Mechanisms."

3. A political specialization.

Those completing military schools are considered to have served their regular military service, they are given the rank of engineer-lieutenant (lieutenant) and a higher civil education with skills in accord with the completed specialty.

Young men who meet the following conditions are permitted to apply to the higher military schools of the Bulgarian People's Army [BNA] have a completed secondary education; are politically correctly oriented; are Bulgarian citizens; like military service; are active members of the Komsomol; are physically healthy; are not over the age of 23 and for pilot applicants 21 (age is determined as of 1 September 1986); are not married; have no criminal record and are not under indictment and investigation; have been recommended by the unit commander (for servicemen); career servicemen are to have an overall grade on the diploma of at least "very good" (5.00) and at least 1 year of service in the BNA by 1 September 1986. Applicants for the specialty "Motorized Rifle Troops -- People's Police" are to be over 1.70 m tall and be recommended by the MVR [Ministry of Internal Affairs] bodies.

Every young man has the right to apply for all specialties (ranked in order of preference) to one, two and three higher military schools. Young men who apply to two higher military schools are obliged to designate as their first choice the G. Benkovski VNVVU or the N. Y. Vaptsarov VNVMU and as the second choice the V. Levskiy VNVU or the G. Dimitrov VNVAU, or as first choice the G. Dimitrov VNVAU and as second choice the V. Levskiy VNVU, while applicants to three higher military schools designate as their first choice the G. Benkovski VNVVU or the N. Y. Vaptsarov VNVMU, as the second choice the G. Dimitrov VNVAU and as third the V. Levekiy VNVU.

Each applicant cadet is to submit through the chief of the military directorate where he is registered to the chief of the appropriate higher military school the following documents: a petition; a competitive card on which the cadet applicant without fail ranks the desired specialties in the order in which he wishes to be ranked; an autobiography; a declaration that he will serve at least 10 years in the Bulgarian Armed Forces or in the departments for which he will be accepted (blanks for the documents indicated up to this point may be obtained from the military directorate); a diploma showing a completed secondary education or a copy of it; a birth certificate; a certificate showing no criminal record; a pedagogical (service) recommendation for applying to the higher military school; a document showing preferential admission (if the candidate has the right to such preference); for the specialty "Motorized Rifle Troops -- People's Militia" a certificate that he has been recommended by the appropriate MVR bodies.

When more than one higher military school is being applied to, all the documents are sent to the first school while the petition and competitive card are sent to the remainder.

Candidate cadets who are servicemen submit the listed documents through the unit commander.

The documents of servicemen recommended for application to a higher military school, along with the health booklet, a copy of the military booklet showing given commendations and imposed penalties and a service recommendation are forwarded by the commanders to the military directorates from which the servicemen have been sent to service.

Applicants for the specialty "Motorized Rifle Troops -- People's Police" prior to 30 March 1986 are to submit to the personnel services of the MVR divisions at their residence a petition to be admitted to a competitive exam. After receiving an affirmative answer they submit their documents to the military directorates.

Petitions are not accepted if all the required documents are not tended and clearly filled out.

The dates for submitting the documents by the applicant cadets to the military schools are: prior to 4 June for those who completed their education prior to 1986 and for servicemen, prior to 15 July for those who complete their education in 1986. After these dates, new or additionally submitted documents are not accepted.

For applicant cadets who are servicemen or students of the NShZO [People's Reserve Officer School], preparatory courses are conducted at the higher military schools to which the applicants have submitted their documents. The preparatory course for cadet applicants to the G. Benkovski VNVVU and N. Y. Vaptsarov VNVMU is to be held on 9 July 1986 and for the V. Levskiy VNVU and G. Dimitrov VNVAU, on 10 July 1986.

The competitive exams, the testing of physical and psychophysiological qualities and the medical exams are conducted at the higher military schools to which the cadet applicants have submitted their main documents.

Cadet applicants to the G. Benkovski VNVVU and the N. Y. Vaptsarov VNVMU are obliged to report no later than 1400 hours on 4 August 1986 and to the V. Levskiy VNVU and G. Dimitrov VNVAU, no later than 1400 hours on 10 August 1986.

Applicants for the "Pilot" specialty are obliged to report to the G. Benkovski VNVVU no later than 1400 hours on 22 July 1986.

Young men who have applied to the G. Benkovski VNVVU and N. Y. Vaptsatov VNVMU and who have received poor results on their written competitive exam can report to their second desired VVUZ [higher military school] no later than 1400 hours on 15 August 1986; those who have received positive results but were not admitted should report prior to 1400 hours on 18 August, and to the third school no later than 1800 hours on 21 August 1986.

Cadet applicants for all military schools are to take two written exams -- one in a special subject and the second in social sciences.

The special subjects for which competitive exams are held are: for the political specialization -- history of Bulgaria, and for the political specialization at the N. Y. Vaptsarov VNVMU -- mathematics; for the specialty "Chemical Troops" -- chemistry; for all remaining specialties -- mathematics.

The competitive exams are held according to the programs approved by the Ministry of National Education and published in the Manual for Student Applicants; for the specialty "Chemical Troops" according to the chemistry programs for applying to universities and the chemical engineering VUZ [higher institution of learning].

The cadet applicants for the specialty "Pilot" are to take a psychophysiological test according to a special method, with their qualities being judged according to a 6-point system.

The time for the testing of the qualities of the cadet applicant and for the written exams are as follows:

For the G. Benkovski VNVVU and the N. Y. Vaptsarov VNVMU

From 5 to 9 August 1986, the testing of psychophysiological and physical qualities and the medical exam (for the "Pilot" specialty these measures are conducted from 22 July to 9 August 1986);

On 10 August 1986, the written competitive exam in mathematics;

On 12 August 1986, the written competitive exam in social sciences.

For the B. Levskiy VNVU and the G. Dimitrov VNVAU

From 10 to 15 August 1986, the testing of psychophysiological and physical qualities and medical exam;

On 16 August 1986, the written competitive exam in mathematics;

On 17 August 1986, the written exam in history (for the political specialization);

On 18 August 1986, the written competitive exam in social sciences;

On 19 August 1986, the written competitive exam in chemistry (for the specialty "Chemical Troops" at the V. Levskiy VNVU).

The physical qualities of the applicant cadets are tested for the following disciplines and standards: at least 6 chin-ups; 100 m of running from a standing start in not more than 15.5 seconds; a 1,000-m cross-country race in not more than 4.10 minutes.

Clothing is athletic (provided by the candidate cadets).

The physical qualities of the candidate cadets are judged as "Fit for a VUZ" or "Unfit for a VUZ." The evaluation "Unfit for a VUZ" is given to cadet applicants who do not fulfill the standards for two and more of the tested disciplines.

The testing of psychophysiological qualities of the applicant cadets is carried out according to special methods developed in the higher military schools. The psychophysiological qualities of the applicants are judged as "Fit for the VUZ" or "Unfit for the VUZ."

The medical exams are carried out according to the requirements of the Schedule of Illnesses and Physical Disabilities. Applicants for the specialty "Pilot" are to take a special aviation medicine examination.

An applicant cadet who has received an evaluation of "Unfit for a VUZ" in the testing of psychophysiological qualities, the testing of physical qualities or the medical exam is dropped out of further participation in the competitive exam in all the VVUZ. Those who have received an evaluation of "Fit for the VUZ" are permitted to take the written exam in the special subject.

The results "Fit for the VUZ" from the testing of psychophysiological and physical qualities and from the medical exam of the applicant cadet and the grades from the written exam for the special subject and social sciences as received at the first higher military school, if they are positive, are also accepted by the remaining higher military schools designated in the petition of the applicant cadet.

The applicant cadet who has been ranked in the first higher military school (G. Benkovski VNVVU and N. Y. Vaptsarov VNVMU) but not admitted can report for the written competitive exam in the special subject and for social science at the second VVUZ, with the result received at the first VVUZ not being counted. The obtained grades in the second VVUZ are valid also for the third higher military school which is indicated in the petition.

The sessions of the admission commissions of the G. Benkovski VNVVU and N. Y. Vaptsarov VNVMU are held no later than 16 August 1986, at the G. Dimitrov VNVAU no later than 1400 hours on 21 August 1986 and at the V. Levskiy VNVU no later than 22 August 1986.

Candidates who have been ranked but who do not report to the admission commission are considered as dropping out.

If the ranked applicant cadets do not report on the stipulated date to the appropriate military school, their places are taken by applicants from the reserves in order of their ranking.

B. Admission of Scholarship Holders of the MNO [Ministry of National Defense]

Accepted as scholarship holders of the MNO are young men from student applicants as well as from those already studying in higher institutions of learning in the following specialties: medicine at the medical institutes in the cities of Sofia, Plovdiv, Varna, Pleven and Stara Zagora, physics at the Sofia Kl. Okhridski University for meteorologists in the BNA.

Applicants for the MNO scholarships in these specialties must meet the conditions for cadets in higher military schools. They are to submit documents on the general grounds to the appropriate institutions of higher learning following the procedure established for student applicants. Those successfully ranked in the corresponding civilian institutions of learning (with a number of points over a definite minimum for the given higher institution of learning) within 10 days after the announcing of the results of the competitive exams and for those already studying in institutions of higher learning, prior to 1 August 1986, are to submit to the military directorate where they are registered the following documents: a petition, autobiography, a medical certificate from a military hospital (for those who have served their regular military service), a medical draftee sheet (for draftees), a health booklet (for servicemen), a certificate showing no criminal record, a certificate showing the number of points from the corresponding higher institution of learning where they have applied and a declaration that they will serve in the BNA for at least 10 years after completing their education. Those already studying in higher institutions of learning also submit a certificate for successfully completing the academic year.

Those accepted as MNO scholarship holders who have not served their regular military service begin their studies after having served it.

The MNO scholarship holders after completing their higher education are accepted for active military service and are assigned to BNA units.

Additional information on applying to the VVUZ can be obtained from the military schools, the military directorates (the unit commanders for regular servicemen) and from the Manual for the Student Applicant for 1986-1987.

Announcement of the Ministry of National Defense Concerning the Admission of Students to the NCO Secondary Military Schools in the 1986-1987 Academic Year

Admitted to the NCO secondary military schools are students in specialties and for periods of instruction as follows:

A. The G. Izmirliev NCO Secondary School [SSVU] in Gorna Oryakhovitsa

The school has the following specialties:

1. "Motorized Rifle Troops."

2. "Signal Troops."

The period of instruction for these specialties is 2 years for young men who have completed the first degree of the ESPU [unified secondary school] and for young men who have completed their secondary education and 3 years for young men who have completed 8th grade.

3. "Tank Troops."

4. "Engineer Troops."

5. "Chemical Troops."

The period of instruction for the specialties indicated in Points 3, 4 and 5 is 3 years. Young men who have completed 8th grade are accepted.

6. "Mechanic for Repair of Communications Equipment."

The period of instruction for the specialty designated in Point 6 is 4 years. Young men who have completed 8th grade are accepted.

B. The NCO Secondary Military Artillery School [SSVAU] in Shumen

The school is under the G. Dimitrov VNVAU in Shumen and has the following specialties:

1. "Antiaircraft Artillery -- Line."

The period of instruction for this specialty is 2 years. Accepted are young men who have completed the first degree of the ESPU and young men who have completed their secondary education who are draftees and regular servicemen in the BNA.

2. "Ground Artillery -- Technical."

3. "Antiaircraft Artillery -- Technical."

4. "Mechanic for Repair of Tank Weapons."

5. "Radio Technical [Radar] Troops."

6. "Mechanic for Computer and Microprocessor Equipment and Programming."

7. "Head of Radar Station."

The period of instruction for the specialties designated in Points 2, 3, 4, 5, 6 and 7 is 4 years. Young men who have completed 8th grade are admitted.

C. The NCO Secondary Air Force School [SSVVU] in Dolna Mitropoliya

The NCO secondary military air force school is under the G. Benkovski VNVVU in Dolna Mitropoliya. The school has the following specialties:

1. "Operation and Repair of Aircraft and Engine."

2. "Operation and Repair of Aviation Equipment."

3. "Operation and Repair of Radio Electronic Equipment."

4. "Operation and Repair of Communications Equipment."

The period of instructions for all specialties is 4 years. Young men who have completed 8th grade are accepted.

For the specialty "Operation and Repair of Aircraft and Engine," students are accepted also for the needs of the BGA [Bulgarian Civil Aviation].

D. The Anton Ivanov Warrant Officer [Michman] Secondary Naval School [VSVMU] in Varna

The specialties at the school are:

1. "Navigation."

2. "Naval Communications."

3. "Radio-Technical Equipment of the Fleet."

The period of instruction for all specialties is 2 years.

Admitted are young men with a completed secondary education, draftees and regular servicemen from Navy ships.

For those who have completed the full course of the secondary NCO military schools indicated up to this point, the following are considered completed:

a) Those who have been admitted from 8th grade with a period of instruction of 3 years — a secondary education, completed regular military service and a military skill depending upon specialty;

b) Those admitted from 8th grade with a period of instruction of 4 years, those admitted from 11th grade and those who completed the first stage of the ESPU — a secondary special education, completed regular military service and a military skill depending upon the specialty.

E. The Maestro G. Atanasov NCO Secondary Military Music School [SSVMU] in Sofia

The school admits young men for the specialty "Military Band."

The period of instruction is 4 years. Young men who have completed 8th grade are admitted.

Those who complete the school are considered to have a civilian secondary special education, completed regular military service and a military skill of "Military Band Member."

Accepted as applicants to the NCO secondary military schools are young men who meet the following conditions: are Bulgarian citizens; are active members of the Komsomol; are physically healthy and are not married; they have been recommended by the unit commander (for servicemen); have not been condemned and are not under indictment and investigation; have completed the 8th grade, the first degree of the ESPU or 11th grade; applicants with a completed 8th-grade education should not be older than 17, while those with a completed first degree of the ESPU or a secondary education, not older than 21, counting by 15 September 1986; they must have exemplary conduct.

All the student applicants submit the following documents through the people's councils or military directorates to the chief of the appropriate NCO secondary military school to which they are applying (the chief of the higher military school which is over the NCO school): a petition in which the applicant student without fail ranks the desired specialties in the order which he wishes to be ranked; an autobiography; a diploma for a complete secondary education, a certificate showing a completed first degree of the ESPU (10th grade) or 8th grade (this can be notarized); a birth certificate; a recommendation from the people's council; a certificate showing no criminal record; a pedagogical recommendation from the school; a declaration that the student applicant will promise to serve at least 10 years in the BNA (BGA) after completing the school (for applicants with a basic education (8th grade) the declaration is to be signed by the parents or, if there are no parents, by a guardian; a document showing the right to preferential admission (if there is such a preferential right).

The documents of regular servicemen recommended for applying to the NCO secondary military school, along with the health booklet, a copy of the military booklet for the imposed penalties and given commendations and a service recommendation are forwarded by the commanders to the military directorates from which the young men have been sent to serve.

The dates for submitting the documents to the military directorates are as follows: prior to 4 June 1986 for those who completed their secondary education prior to 1986 and for regular servicemen; prior to 16 July 1986 for all who completed their education in 1986.

Applicants to the G. Izmirliev SSVU, the SSVAU in Shumen, the SSVVU in D. Mitropoliya who completed 8th grade are to take a written competitive exam in mathematics on the material studied up to the 8th grade, inclusively.

Applicants for the SSVMU are to take a competitive exam in solfege and a special subject including wind instrument (not including flute, oboe and bassoon) and a percussion instrument according to the program for admission to secondary music schools.

Student applicants are to take a careful medical exam and a testing of psychophysiological qualities.

Each applicant has the right to apply for all specialties at two NCO military schools, one from the first group and one from the second group. In the first group of NCO schools are the SSVVU in Dolna Mitropoliya, the SSVAU in Shumen and the Anton Ivanov MSVMU in Varna, and in the second are the G. Izmirliev SSVU in Gorna Oryakhovitsa and the Maestro G. Atanasov SSVMU in Sofia.

Young men who apply to two NCO schools send their documents to the first, indicating in these the second school to which they are applying, and a petition to the second in which they indicate to which NCO secondary military school they have submitted the remaining documents.

The time for the reporting of the applicants and the holding of the tests at the schools in the first group is as follows: reporting of applicants prior to 1400 hours on 18 August; testing of psychophysiological qualities of applicants and medical exams on 19 August; written exam from 0800 hours to 1200 hours on 22 August. The admission commissions will complete their work no later than 24 August.

For the second group of NCO secondary military schools the time is: reporting of applicants prior to 0800 hours on 2 September; testing of psychophysiological qualities of applicants and medical exam from 1000 hours on 2 September; written exam in mathematics for the G. Izmirliev SSVU from 0800 hours to 1200 hours on 4 September, and the competitive exam in solfege and the special subject at the Maestro G. Atanasov SSVMU on 3 and 4 September. The admission commissions will complete their work no later than 7 September.

Applicants for students in specialties with a 2-year period of instruction are not required to take a competitive exam but are ranked by the number of points formed from the total of the following grades:

For those who completed the 11th grade: the overall grade on the diploma (certificate) for the completed education, the grade from the diploma (certificate) for Bulgarian and mathematics;

For those who completed the first degree of the ESPU, the arithmetic average grade from the 9th and 10th grades in Bulgarian, mathematics and physics.

For 3- and 4-year periods of instruction, the number of points is formed as for those who completed 11th grade, in adding a doubled grade from the competitive exam in mathematics.

The applicants for the Maestro G. Atanasov SSVMU are ranked by the number of points formed from the overall grade from the certificate for a completed 8th grade, the doubled grade from the competitive exam in solfege and a tripled grade in the special instrument.

The admission commissions rank the student applicants on the basis of the obtained number of points and the preferential advantages which they have.

The ranking is carried out in order of the specialties indicated by the student applicants.

Admitted students are informed in writing by the appropriate NCO secondary military school. They are obliged to report to the school prior to 1400 hours on 14 September and those accepted at the Anton Ivanov VSVMU (not including regular servicemen) prior to 1400 hours on 27 August.

If accepted students do not report at the stipulated date to the appropriate NCO military school, their places are taken by applicants from the reserves according to the order of their ranking.

Travel and meals are at the expense of the applicants and lodging for them is organized by the NCO secondary military schools. Regular servicemen applicants may travel on military travel documents and may sign up for meals in presenting their meal certificate.

For applicants to the Maestro G. Atanasov SSVMU, from 25 August to 1 September 1986, a preparatory course is organized according to a program drawn up by the school.

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MEMBERS OF NINTH NATIONAL ASSEMBLY COMMISSIONS LISTED

Sofia RABOTNICHESKO DELO in Bulgarian 18 Jun 86 p 2

[Listing: "Permanent Commissions of the Ninth National Assembly"]

[Text] Commission on Socioeconomic Development

Chairman: Grisha Stanchev Filipov, national representative from the 232rd Rusenski electoral district

Deputy chairman: Ivan Georgiev Pekhlivanov, national representative from the 287th Sofiyski electoral district

Deputy chairman: Pando Vulev Banchev, national representative from the 30th Neseburski electoral district, Burgaski District

Secretary: Angel Dimitrov Bobokov, national representative from the 137th Lomski electoral district, Mikhaylovgradski District

Members: Aleksandur Petkov Yordanov, Anastasiy Donchev Ivanov, Angel Ivanov Yordanov, Anka Ivanova Spirova, Anks Petkova Dimitrova, Asya Belinova Ilieva, Atanas Georgiev Atanasov, Atanas Iliev Konstantinov, Atanas Stefanov Atanasov, Benislav Ivanov Vanev, Boris Stefanov Todorov, Vasil Vulchev Vasilev, Vasil Nedev Stoyanov, Vasil Nikolov Kovachev, Vladimir Dimitrov Lazarov, Georgi Vasilev Kardashev, Georgi Nikolov Menov, Georgi Pavlov Georgiev, Georgi Stoinev Kharizanov, Dimitur Zhelev Kostadinov, Dimitur Iliev Popov, Dimitur Yordanov Dimitrov, Dimitur Mikhalev Stoev, Evka Mikhaylova Razvigorova-Yanakieva, Evtim Kostov Penov, Elitsa Khristova Mladenova, Emil Petrov Petkov, Ivan Borisov Andonov, Ivan Dimitrov Panev, Ivan Nikolov Popov, Ivan Penev Tenev, Ivan Raychinov Prulov, Ivan Stoyanov Truev, Ivan Kharalambiev Ivanov, Ivan Yankov Ruzhev, Iliya Atanasov Gunchev, Iliya Miloslavov Pachaliev, Iliya Stoyanov Vurtigorov, Kiril Aleksandrov Zarev, Kichka Todorova Staneva, Krasimira Khubenova Khandzhieva, Krustyu Atanasov Stanilov, Lazar Donchev Petrov, Lazar Krustev Lazarov, Mincho Smilov Yovchev, Mladen Traykov Andonov, Neli Kuncheva Toncheva, Nikola Kostadinov Stefanov, Nikola Nikolov Tsonev, Nikola Khristov Todoriev, Pepa Georgieva Vasileva, Petur Marinov Petrov, Petur Petrov Tsvetkov, Radka Georgieva Tuneva, Rayna Tsvetanova Dimitrova, Svetla Ancheva Tsvyatvkova, Svetozar Georgiev Petrushkov, Stoyan Peykov Stoyanov, Toncho Ivanov Chakurov, Khristina Yordanova Arsova, Tseno Stoyanov Khinkovski.

Commission on Social Policy

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Deputy Chairman: Vasil Pandov Vasilev, national representative from the 297th Sofiyski electoral district

Secretary: Siyka Atanasova Neykova, national representative from the 70th Svishtovski electoral district, Velikoturnovski District

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Commission on Cultural Development

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Deputy chairman: Dimitur Kharalampiev Dimitrov, national representative from the 317th Slivnishki electoral district, Sofiyski District

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Commission on Preservation and Reproduction of the Natural Environment

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Deputy chairman: Vasil Tsanov Vasilev, national representative from the 393rd Yambolski electoral district

Deputy chairman: Mako Petrov Dakov, national representative from the 146th Bratsigovski electoral district, Pazardzhishki District

Secretary: Khristo Ruskov Khristov, national representative from the 214th Karlovski electoral district, Plovdivski District

Members: Aleksandur Petkov Ivanov, Alen Malinov Alenov, Aneliya Tsekova Mineva, Atanaska Draganova Petkova, Boril Orlinov Kosev, Boris Dikov Kopchev, Boris Dimitrov Karamfilov, Vasil Andreev Nikov, Vasil Atanasov Rabukhchiev, Vasil Vasilev Vasilev, Vladimir Angelov Yakupov, Georgi Yosifov Kolarski, Diana Vasileva Kirova, Dimitur Yordanov Dimitrov, Doncho Kunev Karakachanov, Elena Nedeva Boeva, Zhana Kostadinova Nacheva, Zhelezan Raykov Zhelezanov, Zhelyazka Petrova Georgieva, Zhivko Mitov Zhivkov, Ivan Ganchev Brachev, Yordan Stoyanov Tsanev, Yordan Todorov Nedev, Yordanka Yovcheva Avramova, Kostadin Aleksandrov Rupchin, Lyuben Nikolov Donev, Lyubcho Yordanov Blagoev, Nedka Toncheva Zheliyazkova, Neli Stoykova Nedelcheva, Ninko Stefanov Viyashki, Pavlina Georgieva Krumova, Petko Yanev Ganchev, Stefan Dimitrov Benov, Stoyan Nikolov Bukikov, Todor Ivanov Kyurkchiev, Todor Iliev Bozhinov, Todorka Tsvetkova Stoyanova, Khristo Borisov Bonin, Tsena Ivanova Stamatova.

Commission on Foreign Policy

Chairman: Milko Kalev Balev, national representative from the first Blagoevgradski electoral district

Deputy chairman: Angel Dimitrov Angelov, national representative from the 179th Dolnodubitski electoral district, Plevenski District

Deputy chairman: Konstantin Ivanov Atanasov, national representative from the 43rd Varnenski electoral district

Secretary: Lyuben Georgiev Kulishev, national representative from the 99th Sevlievski electoral district, Gabrovski District

Members: Aleksandur Yankov Dimov, Angel Tsvetkov Filipov, Bogomil Gyurov Iliev, Boyan Georgiev Traykov, Vasil Savov Zikulov, Vera Tsekova Nacheva, Viktor Georgiev Vulkov, Georgi Ivanov Ivanov, Dimitur Georgiev Biyachev, Dimitur Tsochev Brashev, Dimitur Tsochev Bratanov, Dimitur Yakov Stanishev, Iliya Petkov Mlechkov, Kamen Khinov Kalinov, Kirilka Gospodinova Khristova, Konstantin Todorov Rusinov, Kuncho Iliev Kunev, Leda Geo Mileva, Lyubomir Spiridonov Levchev, Luchezar Avramov Stoyanov, Mariy Antonov Ivanov, Mariya Dimitrova Mavrova, Mariya Simeonova Zakharieva, Niko Mois Yakhiel, Petur Georgiev Vutov, Sava Stefanov Biliderov, Silviya Ilieva Ekova, Slavcho Stamenov Trunski, Stoyan Dimitrov Karadzhov, Khristo Dobrev Stoyanov, Tsola Nincheva Dragoycheva, Yana Stefanova Zabunova.

Commission for the People's Councils and Local Self-Government

Chairman: Mitka Grigorov Dimitrov, national representative from the 126th Loveshki electoral district

Deputy chairman: Dimitur Atanasov Dimitrov, national representative from the 42nd Varnenski electoral district

Deputy chairman: Vasil Kolev Pasev, national representative from the 377th Kharmanliyski electoral district, Khaskovski District

Secretary: Zhelyazko Kolev Kolev, national representative from the 213th Khisarski electoral district, Plovdivski District

Members: Adelina Radomirova Rizova, Asen Yankov Yankov, Velichko Petrov Velichkov, Galina Stefanova Khristova, Georgi Dimitrov Georgiev, Georgi Yotov Kalchev, Goran Ninov Marinov, Dilyana Gancheva Rangelova, Dimitur Georgiev Nenchev, Dimitur Rusev Mikhaylov, Evtim Yanev Krustev, Elena Kiryakova Danailova, Ivan Georgiev Vlaev, Ivan Dimitrov Ovcharov, Ivan Markov Todorov, Ivan Minchev Ivanov, Ivan Nikolov Maslarov, Ivan Petrov Shpatov, Iliya Velikov Georgiev, Iliya Dimitrov Iliev, Isay Alipiev Karamanov, Kol'o Yovchev Stoyanov, Kosta Yordanov Manolov, Kostadin Stanev Georgiev, Margarita Petrova Kovacheva, Milcho Georgiev Milchev, Mil'o Nikolov Milev, Rosen Iliev Chernev, Silviya Staneva Milanova, Stanka Pavlova Ormanova, Strakhil Draganov Khristov, Turpo Atanasov Bozhilov, Khristo Marinov Mutafov.

Legislative Commission

Chairman: Yaroslav Georgiev Radev, national representative from the 296th Sofiyski electoral district

Deputy chairman: Boris Petrov Spasov, national representative from the 227th Rusenski electoral district

Deputy chairman: Kostadin Yanchev Kostov, national representative from the 105th Chernoochenski electoral district, Kurdzhaliyski District

Secretary: Gin'o Gochev Ganev, national representative from the 31st Pomoriyski electoral district, Burgaski District

Members: Aleksandur Khristov Dimitrov, Angel Todorov Shishkov, Vasil Yonchev Vasilev, Velko Ivanov Palin, Ivan Georgiev Dimitrov, Kamen Ivanov Kamenov, Kostadin Ivanov Dzhatev, Lazar Rusinov Stamboliev, Magdalena Asenova Stoyanova, Mircho Asenov Stoykov, Mihail Popov Genovski, Nikola Zakhariev Tonchev, Nikola Manolov Manolov, Pantelei Lazarov Pachov, Pencho Stoyanov Kostrukov, Petur Dachev Balevski, Petur Nikolov Petrov, Radi Traykov Kuzmanov, Raya Dimitrova Gicheva, Sava Atanasov Dulbokov, Ten'o Dinev Cherkezov, Fil'o Khristov Chakurov, Khristo Nikolov Stanev.

Commission for Protection of Public Interests and the Rights of Citizens

Chairman: Petur Georgiev Dyulgerov, national representative from the 159th Pernishki electoral district

Deputy chairman: Pradan Toshev Stoyanov, national representative from the 154th Peshterski electoral district, Pazardzhishki District

Deputy chairman: Lyuben Stoyanov Stefanov, national representative from the 326th Gornomalinski electoral district, Sofiyski District

Secretary: Vladimir Khristov Kalaydzhiev, national representative from the 196th Plovdivski electoral district

Members: Atanas Borisov Avkov, Atanas Georgiev Semerdzhiev, Boyan Georgiev Purvanov, Vladimir Bonev Amidzhin, Vladimir Dimitrov Stoychev, Georgi Atanasov Tsarushev, Georgi Vulkanov Yorgov, Grigor Velkov Shopov, Daniela Dimitrova Marinova, Dzena Khristova Yalumova, Dimitur Aleksandrov Zhulev, Dobrinka Stoyanova Chifchieva, Elena Petkova Chakurova, Zvezda Velikova Eneva, Zdravko Stefanov Mitovski, Ivan Konstantinov Stefanov, Yordan Velev Yordanov, Krustyu Georgiev Mutafchiev, Krustyu Sergeev Trichkov, Lazar Dimitrov Prichkapov, Lyubcho Georgiev Toshkov, Malinka Dimitrova Vezenkova, Manol Pavlov Yordanov, Mariya Kamenova Ivanova, Minko Todorov Minkov, Nacho Petrov Papazov, Panayot Kostov Panayotov, Peko Petrov Takov, Petur Atanasov Chobanov, Stoyan Tonchev Stoyanov, Trifon Rangelov Balkanski.

6115
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INTERNAL PARTY BUDGET 'SETS EXAMPLE'

Warsaw TRYBUNA LUDU in Polish 13 Jun 86 p 3

[Interview with Antoni Gorny, director of the PZPR CC Department of General Affairs, by Anna Pawlowska: "Party Must Set Example of Good Management"]

[Text] [Question] How does the party pay its way? You are the most competent person to respond to this question.

[Answer] It is not given a free ride by the state, though many citizens think so. It draws funds primarily from membership dues and the proceeds of its publishing concern, the RSW [Workers' Cooperative Publishing House] "Prasa-Ksiazka-Ruch." As any economic unit or institution, the party has a budget. Like everybody else in the country nowadays, the party has a problem making ends meet.

[Question] Therefore, the party must economize too?

[Answer] And how! We have savings programs in place; their implementation is very closely watched by the secretariat of the Central Committee. The difficult part is to ensure that these steps do not choke off any important political initiative, while pruning everything that is important just superficially, for show. All nationwide constraints on investments apply equally to us, though we have appreciable needs.

[Question] Could you tell us how the party budget is prepared?

[Answered] Provincial echelons present their needs, as do departments of the Central Committee. These [figures] are subsequently reviewed by the Budget Commission of the Central Committee and discussed with the CKR [Central Audit Commission]. Proposals drafted in this way are accepted by the secretariat of the Control Committee. The implementation of a party budget is reviewed many times over the year in progress. Party management in its entirety is subject to the control of the CKR and audit commissions of lower echelons. The outgoing CKR has been very strict and rigorous in discharging this responsibility.

[Question] How is a savings program drafted?

[Answer] The secretariat of the Central Committee sets its annual guidelines and forwards them to the provincial echelons. In their turn, the latter offer their concepts and modes of saving within the scope of the guidelines. All of the submissions are balanced again and result in the budget adopted by the secretariat.

[Question] Price increases which affect all citizens and instititutions do not spare the party either. What does this do to the budget?

[Answer] The same it does to any family budget. Growing postage, costs of energy, water and transportation cannot be offset. The available assets must be reallocated; something must give in order to squeeze additional financing for other items.

[Question] I must say I cannot quite imagine where savings can be made in the operation of the party.

[Answer] In all honesty I could answer: everywhere. Here are some examples, however: party functionaries are required to use the most inexpensive accommodations available during business trips. You can take a car from Warsaw only to several designated provinces which have the worst transportation links. Similar restrictions apply to townships at the provincial level. Now, for another example: we are striving to eliminate duplicating business trips and conferences which proliferate without any evident need. This saves money and also people's time and, therefore, results in increased efficiency.

[Question] Let us return for a moment to membership dues. Many comrades see this statutory duty as mostly symbolic...

[Answer] This may be due to the inadequately emphasized linkage between the financial aspect of party endeavors and the degree of collecting membership dues. Surely, some people--in keeping with the intrinsically Polish attitude towards money--believe that grand issues such as ideology or politics should not be considered from the financial angle. Unfortunately, grand issues also cost money. The more vigorous and comprehensive party activities are, the more outlays they call for. Therefore, management should be more streamlined and cost-conscious.

Returning to the dues, however, there is undoubtedly a linkage between the general organizational condition of the party, party discipline and the payment of dues. Recent years provide a vivid example: in 1982, uncollected dues amounted to 7 percent, in 1983 - 6 percent, in 1984 - 4 to 4.6 percent, and last year - only 3.2 percent. At the same time, average dues increased from 50.20 to 94.11 zloty between 1982 and 1985. By the way, let me add something that may not be generally known: comrades working abroad on turnkey projects, contracts or at diplomatic missions pay their dues in hard currency. Let me also remind you that 10 percent of the dues remains at the disposal of the basic party organization.

[Question] Therefore, the management of the party's assets is neither marginally important or eclipsed by the statutory tasks of the party.

[Answer] I say it should not be so for a variety of reasons. The basic consideration is that a party appealing to the populace for thrift, efficiency and struggle against wastefulness, a party whose members are under obligation to show leadership in these fields must set an example in its own management. Also important is the agreement between words and deeds. How could we require that a party member approach public assets with husbandry in his enterprise, if he were not aware of such husbandry within the party? Besides, as people who currently use the assets of the party, we must be mindful of them being a gradually accumulated possession of all post-war generations of the party. In a way, it is a legacy entrusted to us which we, in our turn, must pass on to posterity not only undiminished, but also enhanced. The respect for this legacy must be that much higher. I would very much like to see this kind of thinking increasingly popular in our party.

[Text in the box] Antoni Gorny, 55, was born in the Beskidy foreland, in a working class family ("weavers with a couple acres of land"). After service in the armed forces he was in the youth movement, in the ZMP [Polish Youth Union], ZMS [Union of Socialist Youth] and ZMW [Rural Youth Union] in Pomerania. Since 1954, he has been working in the youth movement and party echelons, including the post of the PZPR provincial committee secretary in Lublin. He is a graduate of the WSNS [Higher School of Social Sciences]. Since 1976, Antoni Gorny has headed a department of the Central Committee. He has been elected a delegate to the 10th PZPR Congress by the Bielsko-Biala party organization.

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JOURNALISTS SEEK MORE INFORMATION AT ATOMIC AGENCY MEETING

Warsaw ZYCIE WARSZAWY in Polish 17-18 May 86 p 6

[Article by (b.k.), "We All Need to Know More: Journalists Meet Radiologists"]

[Text] [From our own correspondent] The leadership of the State Atomic Energy Agency and representatives of the Central Radiology Protection Laboratory [CELOR] met on 16 May with science and technology journalists. The agenda was the radiological situation in Poland and the activity of the contamination monitoring service. Although the meeting provided no new information compared to that currently supplied by the Government Commission's communiqués, it proved significant for different reasons. All those present became clearly convinced, how necessary is information on the nature of such a disaster and its present and time-delayed effects, and how little is known generally about the activities of monitoring stations and of provincial epidemiology stations which carry out food tests, etc. The situation is new to all those who have got involved in it. No one can claim that the common knowledge surpasses general experience: it, too, remains limited. And some experts have proved incapable of explaining, clearly and in a manner which does not call for subsequent correction, what is the difference, for instance, between units of radiation which indicate the degree of contamination of milk or lettuce, and those which express the radioactivity of iodine contained in the thyroid gland; what is the difference between the degree of air radioactivity and the magnitude of a dose a man receives through such air. During the conference, arranged after all for people who deal professionally with the explanation of scientific and technological matters, it came out again and again that in this area expertise can just barely be translated into concepts which non-professionals could assimilate. The Atomic Energy Agency, the Institute for Nuclear Research, and the CELOR should become committed--by no means as just a side-effect of the breakdown--to dissemination of knowledge for everyone on the radiological protection, in order to prevent a feeling of confusion and helplessness which had encompassed all of us in the earlier days following the Chernobyl reactor breakdown. Somebody said: "Once one could go to the country for fresh air, when in the city something awful was taking place, while now--it is the same everywhere."

When a 1,000 KM distant disaster brings threats which have to be simultaneously counteracted over a large area, the new situation calls for a different degree of understanding and organization.

During the meeting between representatives of the State Atomistics Agency and journalists another problem emerged: the need to modernize the network which in nearly 140 locations throughout Poland monitors radioactivity, to make it automatically sensitive to breakdown situations through increased monitoring frequency and immediate alarm activity.

Finally, the meeting conveyed another message--I would call it a technological one. It is well known that among the products turned out in our country, the average amount of substandard ones is high, but imprecision and fallibility in technology which has an increasingly large impact, not only involve unnecessary costs but become a threat. One should keep thinking about it, even as the Chernobyl disaster disappears from newspaper headlines.

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UNIVERSITY SOCIAL COUNCILS TO INCREASE COMMUNITY CONTACTS

Warsaw ZYCIE WARSZAWY in Polish 17-18 May 86 p 6

[Article by (par), "Chairmen of Higher Education Councils Meet"]

[Text] The process of creating higher education social councils, allowed by the Higher Education Law, is drawing to its close.

The Scholarly Cadres Commission of the Council of State met on 16 May in Warsaw with the chairmen of such councils. The meeting, chaired by Professor Tadeusz Szelachowski, vice chairman of the Council of State, was intended to familiarize the council's representatives with some higher-education problems, to exchange preliminary experiences, and to draft introductory action guidelines. The main purpose of the councils, already active throughout all the academic centers (they are appointed by the local People's Councils at provincial level) include restoration and strengthening of links between higher-education schools and local authorities and economic management; analysing conditions and needs of higher education in particular regions; and evaluation of school functioning, in particular with respect to the fulfillment of their educational purposes.

The meeting was informative rather than argumentative in character. As yet, one can barely talk of exchange of experiences, too, since not everywhere have the councils begun to function fully staffed, and in many cases they have just begun to learn the problems of the [higher-education] schools they are supposed to sponsor. Nonetheless, the above-mentioned indicates that at the very beginning of their activity, the councils will have to deal with a dilemma--how to combine the academic communities' expectations raised by their emergence, with the obligation imposed on them by the lawmakers. The schools expect the councils to assist them, above all, in solving their difficult problems of investment, repairs, equipment supply, etc. They hope that, thanks to the councils whose membership includes political and civic activists, as well as representatives of local authorities and industry, they will more easily find contractors in order to start investment or repairs projects, receive orders for additional scientific assignments and experts' reports, etc. They expect, at present at least, help in solving troublesome current problems. But much less enthusiasm was envinced toward all the councils' supervisory powers. How the councils will affect the future structure of the entire higher-education system, will they actually become a forum for interaction between science and life--can hardly be said yet, even though some of the debate pronouncements voiced by representatives of those communities where councils (albeit created by the schools themselves) had been active in previous years, indicate that the social councils might turn out fruitful both for the [higher-education] schools and for the economy.

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RECENT BOOKS ON KOSOVO ARGUED AT WRITERS' GATHERING

Belgrade ILUSTROVANA POLITIKA 11 Mar 86 pp 6-7

[Article by Jevrem Damnjanovic: "History Does Not Tolerate Falsification"]

[Text] The small hall is filled to the last seat. People stand between the rows and in the corridor. Space for the authors of books on Kosovo was barely found at the red oilcloth-covered table.

Host Miodrag Bulatovic shrugs. The Writers' association doesn't have any other room. This is the biggest one on French Street, #7. A map of Kosovo is hung on the wall. Near the Albanian border a narrow area is delineated. In addition are mixed dots in two colors. Settlements. Then a larger, empty space.

Dr Mitar Pesikan, language expert, explains: medieval texts give a faithful ethnic picture. On this basis it can be seen who lived where. In the 15th century, the Albanian population lived on the present border. Further, on the broadest expanse of Kosovo, lived the Serbs.

"However, some 'experts' do not accept this fact now," says Dr Pesikan. "They stubbornly present to the public that in the middle ages in Kosovo there lived a predominantly Albanian population. They did not renounce this view even when Turkish texts became available from which, along with Serbian documents, the ethnic composition of the population can be seen.

In asking why this happens even at meetings of specialists, in Dubrovnik just as in Decani, the answer is found to be than by distorting history, attempts are made to prove that Albanians were always the masters of Kosovo, and Serbs the immigrants. As if it were essential who came and left when. Everyone on down is an immigrant. But all emigrations are, as today's emigrations, not legitimate. Milica Grkovic has studied names in the sealed documents of Decani. She wrote a book on this topic. In the 14th century, of 189 villages, Slavic toponyms comprised 82.6 percent.

"In the central part of Kosovo," she confirms Dr Pesikan's words, "lived primarily Serbs. This area, otherwise, was sparsely populated."

Threatened Monuments

Ethnic identity is recognized by the monuments of culture, commented Gojko Subotic. Serbian ones are dispersed throughout Kosovo. The Pec Patriarchate is such an architectural and artistic monument that on the basis of it alone, the culture of one people during five centuries can be reconstructed (if all other monuments were to suffer some cataclysm). In addition, there is Gracanica, our most beautiful architectural monument...

"The fact is, however," he added, "that many remnants of Serbian culture have not been examined. For ethnologists, in many places, it is too late, for the composition of the population has changed; there no longer is a Serbian population."

Jovan Sekulic added to this that cultural monuments, in the shortage of written words, are still an open book. But in Kosovo they have fallen into ruin, and some have even been destroyed.

"The consequences of the partition of cultural heritage in the 70's according to republic, province and commune, were catastrophic," he said. "Not only in Kosovo, but in the entire country. Since that time, everyone has protected monuments to the best of his knowledge and ability, depending on what specialists and funding were at his disposal. As a repulbic, in 1971, we lost any connection with the cultural heritage in Kosovo. There is a greater difference between our law on the preservation of monuments and that of the province in relation to that of the other republics. Practically speaking, our experts are forbidden access to the Kosovo monuments, except in the case of six, among which are the Pec Patriarchate, Gracanica and Ulpijana. Taking into consideration the capabilities of Kosovo's experts, we attempted to create a mutual society, or union (with Kosovo and Vojvodina), of conservators, but have had no success even after a year. They simply do not accept it.

Milan Ivanovic has visited many small churches and cemeteries in villages which in the interim have disappeared, and which were ruined not by time but through carelessness at the hands of those who want to remove all traces of Serbian culture in the territory. With the destruction of the churches, frescoes, icons and significant artistic items have disappeared, as well as books. There are even fewer epigraphs in stone.

"Why," he asked, "after 850 years, is the Albanianization of town names taking place?"

Truth and Error

The anthology "The Albanians," published by the Cankarjev publishing house of Ljubljana, and among whose contributors are some Albanians, represents a scandal, according to writer Miodrag Bulatovic. History is altered and lies are introduced in this anthology. Some 'historical' sources are from the Albanian Embassy in Belgrade, and this 'scholarly' project is even financed by the Academy of Arts and Sciences of Kosovo.

Dr Dusan Batakovic was even harsher in his evaluation: this anthology, despite changes, represents destructive testimony. It gives a distorted historical picture along pre-conceived theses. Everything is subordinated to prove that the Albanians have always lived in the territory in which they are now located.

"In this book, Kosovo is equated with the history of Albania," said Dr Batakovic. "Although there exists rich source material both here and throughout the world, the authors used that which suited them. What is projected by the Prizren League as Great Albania is declared Albanian territory in the book. Mention of the Serbs is avoided wherever possible.

For a distinction between this and several other books by Albanian authors, the famous lawyer, Dr Mirko Perovic, feels that the work of Sinan Hasani, "Kosovo: Truth and Errors," deserves attention. According to Perovic, this is the best book on Kosovo written by an Albanian. There are mistakes, for Hasani is not an historian, but in all the most essential thing is that he perceived the mutual existence of Albanians and Serbs in that territory.

"Who lived in Kosovo and when is not essential," added Perovic. "For to look at it that way, Italy could lay claim to the entire Balkan peninsula. The fact is, however, that the consciousness of Great Albania formed over decades, and it led to exactly what it led to, which was genocide.

Dr Valilije Krestic, historian, stated that Hasani could have avoided many errors had he chosen historians as reviewers. However, Dr Koca Joncic and Dr Dusan Bilandzic, as well as Rahman Dedaj performed that role. In spite of this, he added, any writer who selects bad sources in the literature is condemned to failure. And Hasani's source foundation is almost non-existent.

An entire library exists on the Prizren League," said Dr Krestic, "but Hasani called for his dissertation to be defended in Zagreb. He sees something positive in the Prizren League, and then is surprised why now the Albanian people cite it as if they had obtained something in our country which the League never offered them. In addition, Hasani writes scornfully of the Balkan wars, misinterprets the attitude of Marx and Engels toward the Balkan people, and on the migration from Kosovo at the end of the 17th century, speaks of the migration of a people but not of the Serbs. Without this historical fact, however, current events in Kosovo cannot be understood."

According to Bogoljub Pejcic, Hasani's basic error is that he was obsessed with the 'symmetry of Albania and Serbia,' regardless of the era in question. Therefore, in reading the book, "Kosovo: Truth and Errors," we move further from the truth and closer to the errors. Uncritically accepting certain authors, such as Dr Skender Rizaja, Hasani writes that Albanian also took part in the Battle of Kosovo, and speaks of the identical situation of the Serbs and the Albanians under the Turks, even though foreign historians have established that the Albanians were the main force of the Turkish army. They did not experience Turkish control. After all, they would not have settled the Drim valley from free Albania in order to suffer Turkish oppression. And they clashed with the Turks when the latter wanted the Serbs to defend the peasants on the land holdings.

"As far as the image that the Albanians settled with the Serbs is concerned," said Pejcic, "it has been shown historically that only two groups from the tribe of Kliment, which lived in northern Albania, moved north in one of the migrations, but no one from Kosovo."

Branko Perunicic cited Deacon Jovan, who in 1690 described the migration to Budim, which led 37,000 Serbian families on a long journey. These families, commented Perunicic, had no small number of members; they were collectives with dozens of members. Therefore, that migration cannot be considered insignificant.

Dr Djordje Trifunovic has also presented documents on the migration, and because various Albanian authors deny Kalasijev's supposition, he has written the book, "Witnesses on the Migration."

Chickens and Eagles

While the 2-day discussions of the description of the distant past took place in a cool exposition of historical documents in which facts were confirmed or falsifications negated, the analyses of writing on the modern every-day life in Kosovo were fraught with sensitive charges. This happened especially when the discussion turned to the attempted counterrevolution of 1981 and the emigration of the Serbs and Albanians under the pressure of Albanian nationalists and separatists. Emotions at times led to uncontrolled declarations, which lessened the contribution of the analyses of the books which cultivate this period.

Dr Ilija Vukovic, author of the book, "The Autonomous Nature and Separatism in Kosovo," said that he was forced to write it by Dr Hajredin Hodja, who presented to the public the "most scandalous book with regard to Yugoslavia." According to Vukovic, Hodja did not lash out in irredentism, and even cites that in the new Yugoslavia, Albanians had no benefits until 1968, when they were overcome by a regeneration. And this coincides with the beginning of the mass emigration of Serbs and Montengrins.

"I came to the conclusion," said Dr Vukovic, "that Dr Hodja is a proponent of those forces in Kosovo that hold to the separatist line from the time of the Bujan Conference to this day. Limitation with nationalists did not begin, for while the chickens go to prison, the eagles remain in legal political institutions. And they have indoctrinated innocent Albanian youth.

Dr Milan Cukovic, professor of constitutional law, said that the Vukovic work is a book of truth which reveals some errors, such as the statement that the Albanian emigration in the Province is an "insignificant question."

In speaking on Spasoj Dzakovic's book, "Conflicts in Kosovo," Vasilije Kalezic said that the work's tracking of the roots of the current unrest, of the ideological bases of the counterrevolution clears up the Balist and Cetnik movement and their collaboration, as well as the role of the CPY in the revolution. In that it was written by a fighter, the book bears elements of memoir literature.

Who Defends Bujan

The author himself, upon taking the floor after this, strived to clear up the conference in Bujan, at which the participants (among whom were Albanian citizens) came out in favor of the annexation of Kosovo by Albania. This is, according to Dzakovic, a meeting of usurpers and their decisions are invalid.

"It is of great concern to irredentism that this Conference remain historic," added Dzakovic. "But the Conference in Bujan is, in actuality, a conspiracy against Yugoslavia."

Batric Jovanovic, a delegate to the Federal Assembly of the SFRY, as well as author of the book, "Kosovo, Inflation and Social Distinctions," said that the Bujan Conference is defended as an inheritance for some future time, when it will be flaunted before international forums. "The resistance was such," he said, "that in the Assembly's conclusions the position of the conference was presented with the greatest scorn, as it deserved."

The irredentist movement, according to him, is not only nationalistic but already chauvinistic, for it brings out the deepest animosity toward other peoples. That is speaking of genocide of the Serbian and Montenegrin population.

The word 'irredentist' does not correspond to the Albanian separatist, cautioned Radomir Smiljanic. The term comes from Italy and holds the meaning "movement for the return of unliberated territories."

"This expression was intentionally launched in Kosovo so that in international forums it would give legal legitimacy to the demands of the Albanian separatists for the secession from Yugoslavia and annexation by Albania of this province," added Smiljanic. "Kosovo is not an Albanian territory, therefore the word irredentism is used erroneously. The toponym itself is Serbian. But the Albanian nationalists and fascists want to expel those who have lived on this land for centuries."

Even the everyday events of Kosovo were discussed and the books were mentioned. For some, the books were just a motive for stating their opinions now about something which had occurred earlier. This distracted attention from the texts, which were most often awarded praise. There was no time for censure. But not all books have the same value, neither as documents nor as literature.

But the writers should discuss that next time.

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MODERATE DECLINE IN BIRTH RATE, AGING OF POPULATION PROJECTED

Prague RUDE PRAVO in Czech 15 Jul 86 p 4

[Article by Pavel Ctrnact, doctor of natural sciences, Federal Statistical Office: "How Many of Us Will There Be in the Year 2000?--Changes Will Also Occur in the Age Composition of the Population"]

[Excerpt] Birth Rate and Fertility

During the census of people, houses, and apartments on 1 December 1970, Czechoslovakia had 14.3 million inhabitants (9.8 million in the CSR and 4.5 million in the SSR), in other words, 2 million more (that is to say, 16.3 percent more) than during the first postwar census conducted in 1950. At the same time, in 1970, following a long period of decline in the number of children born and a decline in the birth rate and fertility (indicators based solely on the number of women of child-bearing age) and following a decline in the natural increment, whose postwar minimum was recorded in 1968, a favorable turnaround in population development began to be discerned. In subsequent years, fertility rose sharply and in 1974 and 1975 it reached the second postward maximum (the first was recorded in 1946-1947). In 1974, there were 292,000 live births, whereas in 1968, there were only 215,000 live births. The so-called net measure of reproduction attained a value of 1.18. Simply stated, this meant that after subtracting the influence of mortality, the next generation of women of child-bearing age would be more numerous by 18 percent in the generation of their mothers. From one of the last places in Europe in terms of fertility, Czechoslovakia climbed to third place in the course of only a few years. At the same time, the reproduction conditions in the CSR substantially approached those in the SSR.

There were a number of reasons for the express changes in the reproduction behavior of the population. This was a very favorable period in terms of the age composition of the population when the child-bearing years of maximum fertility were entered by a numerically much stronger class of women born during the postwar era. A second reason was the spontaneous compensation of the preceding era of the postwar minimum fertility at the end of the 1960's, when deferred pregnancies were realized. A third reason was uniquely most important. After negotiating the crisis period, the internal political and economic conditions were rapidly consolidated. An increased pace of national income growth facilitated the acceptance of a broader complex of measures to aid young households and families with children which specifically and positively influence their situation in joining in marriages and deciding to raise a family.

The favorable population climate lasted until 1979. The adopted population measures gradually lost their effect and, in 1980 through 1981, there ensued a sharp decline in fertility, accompanied by an increase in spontaneous abortions. During the past 2 years it is possible to consider the level of reproduction in the CSR as having been stabilized and that in the SSR as continuing a mild decline, but the net rate of reproduction continues to be 15 percent higher in the SSR than in the CSR. It must be stated that, in the CSR and beginning in 1981 not even in Czechoslovakia as a whole, the long-range net reproduction rate of the population is not assured.

Population Outlook for Czechoslovakia

In mid-1985, the number of inhabitants of Czechoslovakia reached 15.5 million. The SSR had 5.2 million, that is to say, 33.4 percent of the total. Overall, for the years 1971 through 1985, the number of inhabitants increased by 1.171 million (8.2 percent), including 534,000 in the CSR (5.4 percent), but 637,000 in the SSR (14.1 percent).

The planning and management of our society, however, demands reliable information even involving the future development of the population. The computation of projections and prognoses is the task of state statistical organizations.

In the projection through the year 2000, it is anticipated that fertility and the maintenance of certain differences in its volume between the CSR and the SSR will undergo a further slight decline. With respect to mortality, only partial changes are anticipated, with particular improvements occurring in the middle years. Under these conditions, the population of Czechoslovakia can be expected to increase by the year 2000 by roughly 500,000 people and to slightly exceed the limit of 16 million inhabitants. While it is necessary to anticipate a stagnation in the number of inhabitants in the CSR (10.3 million), the entire increment can be ascribed to the population of the SSR, whose numbers will rise to 5.7 million. But the rate of increment will also be slower in the SSR than it is during the current period.

Changes in the age structure will be more significant than the development of the overall number of inhabitants. The number of children under 15 years of age will decline from the present 24.4 percent to 20.3 percent (in the CSR, from 23.4 percent to 19.2 percent), the number of inhabitants of postproductive age will be around 19 percent. The largest changes will occur with respect to the population in the productive years. During the period of 1986 through the year 2000, the potential source of manpower will increase by virtually 1 million persons--in other words, by approximately 11 percent. Professional training will be gradually completed by the numerically strong age classes of the 1970's and they will be joining the labor force. A basic task of the 9th and 10th Five-Year Plans will be the efficient utilization of this tremendous human potential. It is necessary to be aware that this will involve an influx of young people with completely new types of qualifications which it will be essential to utilize as a mighty source of accelerating scientific-technical development and the growth of productivity and the national income, as well as the standard of living of all the people.

At the very beginning of the next century, on the other hand, it is necessary to anticipate a specific increment in older people. The strongest postwar age classes of the population will be entering the postproductive era. Given the anticipated productivity in production, this will certainly not represent an economic problem but it will be necessary to prepare for the situation, particularly in the social area. The share of the older population will approach one-fourth and will expressly outstrip the share of children under the age of 15.

Population projections and prognoses make it possible to react in a timely manner in the economic and social area to changes in the numbers and structure of the population. Consequently, they are among the most important planning documents and it is essential that the planning and management sphere devote constant attention to them.

5911
CSO: 2400/335

ABSENTEEISM IN INDUSTRY CAUSES WORRY

Prague RUDE PRAVO in Czech 21 May 86 p 4

[Article by Zdena Stepankova: "To Record and Resolve"]

[Text] Inability to work because of illness and accidents reached the figure of 4.33 percent last year. In the Czech Socialist Republic it was 4.46 percent and in the Slovak Socialist Republic 4.03 percent. This is somewhat higher than in 1984.

Job absenteeism above the national average was recorded by trade unions of workers in commerce, health, construction and the manufacture of building materials, by the trade union of the chemical, paper and glass industry and printing, transportation and road maintenance, the lumber industry, forestry and water management and the trade union of the textile, clothing and tanning industry, the food processing industry and mining and power.

By regional analysis, the lowest average percentage of absenteeism was in Bratislava and the East Slovak and West Slovak krajs, while the highest rate of absenteeism occurred in the North Moravian and North Bohemian krajs and in the capital, Prague.

Absenteeism, especially when it is on the rise, should not be disregarded by any enterprise or organization. It always indicates something. Either people are ill more often or else the organization's policies are not being observed consistently or perhaps the health services are not functioning properly. There are long waits for examinations, for admittance to hospitals or for recuperation and the person stays home needlessly.

One cannot generalize; conditions are not the same everywhere. Sometimes there really is more sickness and then the working conditions should be checked. And if they are bad they should be improved. It probably is not be chance that many trade unions with above average rates of absenteeism include jobs with a high percentage of women. In fact, for several years now it has been noted that women are sick more often. Do the enterprises know why this is so? They ought to find out because all organizations have an obligation to regularly analyze absenteeism and draw conclusions from them.

Mention should also be made of the waiting period for doctors' examinations. In the editor's office we have several complaints, for example, about long waits in the eye doctor's office. For the most part, especially in Prague, there are no appointments; a person simply has to wait until his turn comes. And that also takes several hours. But the optical departments are not the only ones. Not every employee, meanwhile, has his own enterprise doctor. He has to go to the place of his residence and there he waits too. Of course it is true that some are quite happy to wait because they get out of work.

If there were regular analyses of absenteeism then all these problems would be discovered and corrections could be made. It appears, though, that in many enterprises, and especially in administration, they do not worry about it much.

The intent of discussing absenteeism is not to send people who are not fully recovered back to work. That would not pay off because the ailment could return and then the person would be sick much longer and perhaps even have complications. The thing is to eliminate the causes for the higher rate of sickness and the organization's deficiencies which are the reason why absence from the job is needlessly protracted without having any effect on the treatment and health of the worker.

Last but not least, it is also necessary to give more attention to discipline regarding sick people, to see whether they are really getting medical treatment or are simply goofing off.

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19 AUGUST 1986

East Europe Report

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19 AUGUST 1986

EAST EUROPE REPORT

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AGRA-86 EXHIBITS ADVANCED TECHNOLOGY, CITES PRODUCTION GROWTH

East Berlin DEUTSCHE BAUERNZEITUNG in German No 26, 27 Jun 86 pp 3-5

[Text] Bugles blared out the signal into the young summer day. Erich Honecker cut the ribbon and thereby opened the "agra 86." A few minutes earlier, upon entering the exhibition grounds in Markkleeberg, the general secretary of the SED and chairman of the State Council was cordially welcomed with a bouquet of flowers from the FDJ member Gabriele Tschada, production manager in the Taubach-Oberweimar LPG [agricultural producer cooperative]. There was applause from the many visitors, cheers for the general secretary and repeated congratulations on his reelection as chairman of the State Council.

Erich Honecker was accompanied by SED Politburo members Werner Felfe, Joachim Herrmann, Werner Jarowinski, Guenther Kleiber, Egon Krenz, Werner Krolikowski, Erich Mielke and Guenter Mittag; Politburo candidate Margarete Mueller; Dr Ernst Mecklenburg, deputy chairman of the State Council and chairman of the Democratic Peasant Party of Germany; Dr Hans Reichelt, deputy chairman of the Council of Ministers; and other personalities.

In a short opening speech, Bruno Lietz, minister for agriculture, forestry and foodstuffs, had affirmed that the cooperative farmers and workers will put their best efforts into the realization of the decisions of the 11th SED Congress. The activities that they are involved in to increase the pace for better performance and improved efficiency in accordance with the demands of the new stage of the economic strategy are, according to the minister, demonstrated in a convincing manner by the 400 collectives with exhibits at the "agra."

High Goals Sought in Competition

The first station on the tour is Hall 1, which gives a representative description of the successful policies of the party of the working class as well as of the performance and goals of agriculture, forestry and the foodstuffs industry and of life in our villages. Here Werner Ruge, chairman of the Bentzin LPG, explains what demanding projects the 571 cooperative farmers and workers of this cooperation in Demmin District [Kreis] are seeking as competition initiators in the year of the party congress. In plant production, for example, the 40's soil is supposed to yield 62.5 grain units , including 53.5 decitons [1 dt = 100 kg] of grain per hectare and 300 dt of potatoes. "We farmers," says the LPG chairman, "do not like to talk about yields before we have them in the sack but after inspecting the fields we had the impression that our harvest will be outstanding."

Computer-Aided Storage Irrigation

The stand of the Lewitz Plant Production VEG [state farm] in Ludwigslust Disrict deals with the progress in the area of irrigation and overhead irrigation. The 11th SED Congress has decided to continue the extensive program under which the irrigated area in the GDR has already been expanded to 1.1 million hectares and thereby to be especially oriented toward simple procedures and a greater efficiency of the systems. An outstnading example of this is presented by farm director Albert Paulokat. Since the Eighth SED Congress, they were successful there in expanding the irrigated area from 5 to 37 percent of the useful area and in increasing the yield from 30.4 to 44.4 grain units per hectare. The introduction of the "computer-aided system of storage irrigation works" here helped in the efficient use of water--saving 20 to 30 percent relative to traditional operations--and in increasing labor productivity by 50 to 100 percent. It makes possible a precise adjustment of the works in accordance with the data of the meteorological service, the ground water level, and the demands of crop cultivation.

Similar effects result from the application of a computer-aided system for the operation of overhead irrigation works as demonstrated here by Prof Dr Gerhard Breitschuh from the Research Center for Soil Fertility in Muncheberg. It was developed jointly by scientists from the Soviet Union and the GDR. It is currently being used on 357,000 hectares here and on 1.1 million hectares in the USSR.

Initially Like the Ox Before the Barn Door

The path of the delegation to the part of the hall that reflects the cultural and social achievements in our rural communities goes past computer workplaces where "agra" visitors can train themselves and past robots and automatic machines--equipment that is also being used more and more in agricultural production.

Lass in Oschatz District is presented as a beautiful socialist village. Siegfried Burkhardt, the chairman of the LPG, reports to the general secretary how the community council, the social forces and both LPG's are working together in all parts of the site. In the last 5 years, then, it was possible to improve living conditions for half of the 1,023 citizens through new buildings and modernization and to establish a youth club, supermarket and a BHG [peasants' trade cooperative] trade installation. This progress is based upon the high production volume in the cooperatives, whose fields produce, among other things, 60 dt of grain per hectare, 300 dt of potatoes and 400 dt of sugar beets, and over 5,000 kg of milk per cow in animal husbandry.

At the stand of the "Am Greifenstein" production cooperation group, the chairman of the State council again encounters Gottfried Drechsel, who recently spoke at the constituent assembly of the People's Chamber for the newly formed group of the Peasants Mutual Aid Association. He describes how his Dresden LPG and the entire cooperation are progressing through an elaborate socialist enterprise management that also includes the latest techniques and methods. The experienced agricultural specialist relates with humor how at his age he made himself familiar with the up-to-date methods for commuter-aided stock control, fodder planning and rationalization as well as for plan fulfillment analysis and accounting for plant production. "To be sure, after 30 years as an LPG chairman, I initially stood like the ox before the new barn door but I soon learned to handle the computer as well."

At the Stands of the Fraternal Countries

Through a lane of waving "agra" visitors and past a folk music band, Erich Honecker and the personalities accompanying him come to Hall 2, which is being organized by the CEMA member countries. In the Soviet exhibition section, they are greeted by Juri Balandin, deputy chairman of the State Committee for Agriculture and Industry of the USSR. Among other places, there are also friendly encounters at the stand of the People's Republic of Cuba, where Comrade Erich Honecker observes a dexterous woman cigar maker and then is given the newly manufactured Havana. Or in the exhibition of the CSSR, which is embellished, among other things, with a colorful motorized kite that was constructed for the rational delivery of agricultural chemicals.

After a short trip in the open "agra" bus through part of the exhibition grounds, which show the visitor the outstanding experiences and achievements of socialist agriculture in 60 halls and pavilions as well as 60,000 square meters of demonstration area, the delegation enters Hall 20. Here the chairman of the State Council and his attendants familiarize themselves with the latest situation in the application of key technologies in agriculture, forestry and the foodstuffs industry.

The Agronomist Confers With the Computer

Prof Dr Peter Kundler, director of the Research Center for Soil Fertility in Muencheberg, explains how the introduction of microcomputer technology will fundamentally change the work of the agronomist in the coming years. He will then be in a position to control the processes in the soil and in the crops with computer support. Parts of the production system, which will be completely worked out by 1987 under the management of the research center, are currently undergoing practical testing. So it is at the Lindenberg State Farm in Beeskow District.

Its director, Dr Kurt Ressel, reported on the first experiences. To be sure, a precondition for the work with this modern production system is equipment newly developed by industry for the automated analysis of the condition of the soil and plant substances. The ADM 300 automatic analyzer set up here, for example, represents a sort of fully automatic laboratory with which the amount of individual plant nutrients in the soil can be determined substantially more precisely and in one-third of the time needed using traditional methods.

Microelectronics Introduced in the Stalls

In Hall 20, the computer-aided workplace of the zoological technician of a dairy cattle facility is set up as the counterpart to the Muencheberg system. The production control and steering system upon which it is based was developed jointly by science, industry and agricultural enterprises under the control of the Iden-Rohrbeck Institute for Cattle Production. This CAM solution makes possible an electronic identification of individual animals, the automatic control of milk quantities and live weight, the efficient use of fodder, and rational health and fertility control. In this way, it is possible to increase the potential output of the animals by 250 to 300 kg per year and to reduce the fodder expenditure by about 5 percent. The parts of this procedure set up in accordance with the building-block principle can also be applied individually and for rationalization.

About the Utility of the Biotechnologies

Finally, through the utilization of on-board computers on combines, microelectronics also helps to increase the output of these key machines and to reduce grain losses. The apparatus EBS 212, whose function is being explained here to the representatives of the party and state leadership, automatically monitors the operational data of the combine, regulates the running speed accordingly, and adjusts the threshing mechanism in an optimum manner in accordance with the indicated losses.

Wilhelm Voelzke, the general manager of the agricultural machinery combine, reports that enterprises of his combine have themselves developed and are producing microelectronic printed-circuit boards to control such systems.

Finally, Prof Dr Karl Kehr from the Academy of Agricultural Sciences informs Erich Honecker on areas of application of biotechnologies. In plant production, in addition to the production of rhizobium compounds that improve the fixing of nitrogen in the air by legumes and thereby lead to an increase of 4 to 7 percent in yields, these are mainly the techniques of cell tissue culture.

In plant breeding, they serve to reduce substantially the time for the creation of new varieties and to use it more efficiently. For they do make it possible to reproduce particularly productive plants quickly and en masse vegetatively in a nutrient substratum in glass vessels using individual plant cells, tissue parts and organs. In addition, breeding material can be kept extremely economically. Thus potatoes can be kept in the form of tiny tubers for more than two years in test tubes.

The next stop is the show of animals in Demonstration Center 400. There, on behalf of the youth collective that looks after this part of the exhibition, the shepherd Heike Naumann cordially welcomes the general secretary.

The Party Congress Made Some Good Decisions

Kerstin Voelzer, FDJ secretary and area manager for young-cattle facilities in the Banzkow Animal Breeding State Farm, who had already met Erich Honecker as a delegate at the party congress, gives him a bouquet of flowers. In talking with her about what is being shown here, the general secretary ascertains that the decisions made here were good.

In the show ring, where the top animals wait to be presented by their breeders and attendants, Dr Norbert Baum, general manager of the Animal Breeding VVB [Association of State Enterprises], explains that the exhibiting enterprises are doing their best to achieve a high increase in production and efficiency through greater output per animal and are thereby increasingly applying the latest knowledge on breeding and animal nourishment as well as the most up-to-date biotechnics.

High Growth and Slaughter Quality

Next, the most important swine breeds of our country are presented, namely animals of the land breed from the Muecheln State Farm in Merseburg District, the thoroughbred swine breed from the Neuenhagen State Farm in Strausberg District, and the newly bred Schwerfurt breed from the Norhausen State Farm. The fattening hybrids from the Seifersbach LPG in Hainichen District produced by crossbreeding these three sources, for example, show daily weight gains averaging 712 grams--the best performance in our republic.

In the coming years, the highest growth rates are needed in the production of slaughter cattle. This is based on an optimum combination of the milk and meat output for our main breed SMR as well on the provision of spotted beef bulls as sires for the production of fattening hybrids. Two of these products from the Ferdinandshof State Farm in Ueckermuende District presented here by Heinz Scheu, holder of the National Order of Merit in gold, do manage 630 kilograms of live weight.

The Best of All Is the Cow Betty

Likewise meeting with the approval of the visitors are dams of this combination of breeds with their calves and hybrid heifers--a method for producing more beef by utilizing splintered grass land as coarse fodder. Dr Norbert Baum reports on the striving to increase the share of the effective usable crossbreeding from the present 21 percent to 25 percent.

That presupposes the reduction of the reproduction rate in the cow population to 25 percent and the production of high-quality heifers. Dairy cattle with a high lifetime output are also needed. The 60 stock cows presented at this year's "agra" do have this characteristic. With an annual lactation of 8,151 kg of milk with 4.82 percent fat, their average age is 7.5 years and they have a lifetime output of more than 60,000 liters of milk. The absolute best is shown by the well-known breeder Erwin Brade from the Neugattersleben State Farm in Bernburg District. Betty from an output herd has already given 106,000 kg of milk with 4.92 percent fat. That is enough to provide 2,500 people with certified milk for one year.

A similarly vivid example is given by the general manager in presenting the representatives of our most important sheep breeds. The Merino meat ram presented by the deserving breeder Kurt Heinig from the Quedingburg State Farm provided 7.4 kilograms of pure wool in a year and thus the material for seven men's suits plus a jacket. This comparison is applauded. The conclusion of the attractive animal show includes representatives of our most important horse breeds Edles Warmblut and Kaltblut, which continue to be indispensable in rural sports or as team animals, especially in the forest.

Erich Honecker congratulates the animal breeders on their results and takes leave giving his best wishes for the fulfillment of their competitive goals.

On the way to the "agra" club, there is a cordial encounter with LPG chairman Peter Brueckner from Gierstaedt and Major Alfred Just from Dachwig, whom the general secretary had met during his visit in Erfurt Region on the occasion of the popular elections and who report on the successful municipal policy in their villages in Hall 7.

Thus Science Acts as a Productive Force

At the end, in what has likewise already become a splendid tradition, the members of the party and state leadership meet with deserving women and men of the national economic branch for an exchange of ideas.

Werner Felfe is the first to speak. Today's visit to "agra," he says, is a great honor for us and also an obligation to see that we completely fulfill the tasks that have been given to us. One can relay on the cooperative farmers and workers of socialist agriculture and today and in the future, especially through our performance, we would like to express our thanks for the policy that emanates above all from our general secretary.

The Politburo member thereby points out the close link between the institutes and practice. During the tour, it was again and again impressive to experience the extent to which the researchers have already become farmers and how sovereign the agricultural specialists, in turn, are in dealing with microelectronics. Thus science becomes a productive force and makes it possible for the LPG's and state farms to work more efficiently.

To Bulgaria for the CEMA Championship

The next speaker is a young farm woman in the blue shirt of the FDJ. Numerous readers may recognize her. After all, the DEUTSCHE BAUERNZEITUNG has just recently--pp 8-9 of issue No 23--reported on her again: Elke Biskupek from the Trieb LPG in Auerback District. She was the 1985 DDR milking champion. This time, to be sure, she missed getting the title but did come in second and thus qualified for the CEMA eliminations in Bulgaria in September.

This is what she is now reporting on. The reason that it comes so easily for her, she reveals, is that her collective strives daily for the best results. That has economic benefits as well: they are now more than 100,000 kilograms over the plan and from January to date the average cow has given 175 more liters of milk than last year.

Next to speak is Inge Ziegler, major of Behren-Luebchin in Teterow District. At the 11th SED Congress, she described in a heart-warming way how good we live in the village when "pitch in!" is the action principle for all. Proceeding from there, she describes how the workers of her community are actively supporting the latest peace initiative in Budapest:

In animal husbandry, the plans have been fulfilled and exceeded in all positions, including the supplementary commitments. A few days ago after inspecting the fields for a second time, the members of the Plant Production LPG raised the goal of the competition by another grain unit per hectare.

Meanwhile, the recognizably successful community head is making no secret of the fact that "agra 86" has shown her how much it is a matter of implementing scientific-technical progress and the experiences of the best and that therefore in the future she will pay even more attention to the comparative performance appraisal.

The engineer Bernd Schulz presents himself as the head of a youth work team of the Wittenberg District Enterprise for Agricultural Machines and Plants who called for competition among all such district enterprises in the republic. So that the cooperatives can harvest the ripened crops without delay, he explains, his team will see to it that "no harvesting machine will remain in need of repair for longer than 12 hours. Our operational readiness continues around the clock!"

The members of the FDJ want to prove themselves at the focal points of production, learn to master key technologies, and thus broaden their capabilities. They have therefore formed a research group that deals with the automatic reconditioning of drive chains for potato harvesters. In addition, the utilization of personal computers is being prepared.

Agriculture With Great Initiative

In responding, Erich Honecker says: "In recent years, we have confirmed that in our state of workers and farmers the farmers are becoming more and more important on account of their active participation in political life and on the basis of their performance. The workplace is an arena for peace. The stronger socialism is, the more secure is peace. We resolved that at the 11th Party Congress.

"We must apply all of our strength to prevent a nuclear inferno. Humanity must survive. This goal was also served by the far-reaching proposals of the Political Advisory Committee of the Warsaw Pact states.

"In the name of the Central Committee of our party, of the State Council and of the Council of Ministers," continues Erich Honecker, "I would like to express heart-felt thanks for the great work of agriculture in past years and for the great initiative that it is showing in carrying out the decisions of our 11th Party Congress. We are determined to carry them out together. Cheers to our farmers and the scientists who work with them!"

9746
CSO: 2300/443

MID-YEAR RESULTS RELEASED ON 1986 ECONOMIC PLAN FULFILLMENT

AU240601 East Berlin NEUES DEUTSCHLAND in German 19-20 Jul 86 pp 3-5

["Report of the State Central Administration for Statistics on the Implementation of the 1986 National Economic Plan during the First Half of the Year"; all tons are metric tons]

[Text] In preparing and implementing the decisions of the 11th SED Party Congress, the workers class, the cooperative peasants, the intelligentsia, and the other working people of the GDR achieved the highest performance increase to date with outstanding labor feats in the socialist competition during the first half of 1986.

Thanks to the creative work of the people, the GDR has made good progress in shaping the developed socialist society. The initiatives of the working people were directed at doing everything to strengthen socialism and thus make peace more secure. Enterprises, institutions, and facilities were honored for outstanding achievements with the award of 253 honorary banners of the SED Central Committee on the eve of the 11th Party Congress.

With its basic decisions the 11th SED Party Congress opened up a qualitatively new stage in further shaping the developed socialist society. Fundamental guidelines for the further implenentation of the unity of economic and social policy as the main field of struggle were given in the Central Committee report to the 11th SED Party Congress, which was presented by SED Central Committee General Secretary Erich Honecker.

The progressive spirit of the 11th SED Party Congress characterizes daily work and the rhythm of life in the GDR. The challenges of the SED's economic strategy and the tasks formulated in the 1986-90 5-year plan directive have become the performance guidelines for the working people. In a broad tide of initiatives they accepted new ambitious pledges in the socialist competition, following the example of the VEB Carl Zeiss Jena combine and the slogan "High performances for the benefit of the people and for peace--everything for the implementation of the decisions of the 11th SED Party Congress." These pledges are directed at achieving scientific-technological top performances and at widely applying key technologies.

With their overwhelming approval for the candidates of the GDR National Front on 8 June 1986 the GDR citizens affirmed their readiness to participate actively in the implementation of the decisions of the 11th SED Party Congress. The firm unity of party, state, and people and the reliable alliance of all classes and strata are the guarantee of certain progress.

During the first half of 1986 the dynamism and efficiency of the national economy were further accelerated by means of comprehensive intensification. An essential contribution to this was made by the closer interlacing of science and production. Microelectronics, CAD/CAM [computer-aided design/computer-aided manufacture] technology, modern computer technology, robots, and other key technologies are increasingly becoming the accelerating factor of performance growth. In line with the requirements of the scientific-technological revolution, international top achievements were accomplished in important sectors. Over the short period of 6 months the number of CAD/CAM work units was considerably increased. Tens of thousands of working people have mastered this new technology.

The meetings of Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, with working people in the Erfurt "Karl Marx" Microelectronics VEB, the Soemmerda "Ernst Thaelmann" Robotron Office Machinery VEB, the VEB Carl Zeiss Jena combine, the Gierstadt "Fahner Obst" LPG, and in Karl-Marx-Stadt clearly demonstrated that the GDR is well equipped to meet the demands resulting from the SED's economic strategy with a view to the year 2000.

The activities of the young people in preparing for and evaluating the 11th SED Party Congress impressively showed their close affinity to their socialist fatherland. With the "11th SED Party Congress FDJ Order" the socialist youth association actively responded to the party congress decisions. In the socialist competition the more than 45,000 youth brigades are successfully struggling for lasting best achievements, and the 4,500 young researchers' collectives are striving for top performances within shortest-possible periods in developing and applying key technologies.

The "Beautify our cities and villages--Join in!" citizens initiative initiated new activities for the further improvement of housing conditions and the environment.

The tested socialist planned economy proves itself to be efficient, dynamic, and flexible. The measures for improving management, planning, and economic cost accounting effectively support the implementation of the economic strategy. The combines, which are the backbone of the socialist planned economy, are meeting their pronounced responsibility to the national economy increasingly better. In close alliance with science, they were able to struggle successfully for international top achievements in important fields. It was highly important that it was possible to sustain the dynamic economic growth even under the long-lasting extreme winter conditions.

Corresponding to the spirit of socialism, economic progress secured the material and cultural standard of living of our people and raised it further. The unity of economic and social policy, which positively affects every family, has deepened the citizens' experience that good work pays, for society as well as for the individual. As a result of the continuation of the housing program, housing conditions improved for 315,000 citizens. On 4 June 1986 the 2-1/2 millionth apartment since 1971 was handed over to a workers family from Karl-Marx-Stadt in the presence of Erich Honecker.

Another expression of social protection lies in the new sociopolitical measures that came into force on 1 May 1986 and that concern the promotion of families with children and young couples. Social security and certainty in the future, full employment, and the increasing welfare of the people characterize the life of people in the GDR.

The socialist communal policy effectively influences all aspects of social life in the cities and villages. Through the local state organs' close cooperation with enterprises and cooperatives, the opportunities of regional rationalization as the main path toward creating favorable conditions for reproduction as well as for good working and living conditions were better utilized.

By implementing the decisions of the 1984 economic talks of the CEMA member countries at the highest level, the GDR made an active contribution to deepening and developing socialist economic integration. Proceeding from the decisions of the 11th SED Party Congress and the 27th CPSU Party Congress, as well as the meeting between the SED leadership and the CPSU delegation headed by the general secretaries of both parties' central committees, Erich Honecker and Mikhail Gorbachev, fraternal cooperation between the GDR and the USSR was further deepened. It is more and more characterized by the requirements of intensification. A particular role is played by the development and application of key technologies and by the production of goods with top scientific-technological standards. This introduces further steps for the implementation of the "long-term program for the development of cooperation between the GDR and the USSR in the fields of science, technology, and production up to the year 2000."

The economic tasks for ensuring the defense capability and domestic security and order were comprehensively fulfilled as an integral part of the economic policy of the socialist state.

In implementing the 1986 national economic plan during the first half of the year the following main results were achieved: (Footnote 1) (preliminary data)

--National income was increased by 4.3 percent compared with the same period last year. All fields contributed to the development of the national income by a high growth in performance and effectiveness. With 75 percent, industry made the largest contribution to this increase.

--The stable and dynamic development of the national economy was continued by means of comprehensive production intensification in the broad economic utilization of scientific-technological achievements at an accelerated pace.

Almost all of the national income increase is a result of raised productivity. Particularly important for this was the accelerated increase of labor productivity in industry by 8.6 percent.

Production input was reduced by 2 percent per unit of national income. Production growth was ensured while reducing unit input of economically important raw materials and other materials by 3 percent.

As an integral part of the socialist competition M4.6 billion worth of material and financial funds were returned to the state bank by means of checks in the "return funds to the state--contribute to the national income" initiative.

The economic performance growth is increasingly due to the results of science and technology. About 3,000 new products, processes, and technologies were introduced into production. The scientific-technological potential was more intensively concentrated on the broad application of key technologies. Production of office and personal computers increased by 112 percent. Compared with the first half of 1985, 30 percent more monolithically integrated circuits and 19 percent more optoelectronic semi conductor component parts were manufactured. Production of industrial robots increased by 17 percent. More than 16,000 CAD/CAM work units are currently used in the national economy.

With M50 billion the production volume of newly developed products was 10 percent above that of the same period last year.

In the sector of the industrial ministries prime costs per M100 of goods production were reduced by 2.1 percent. Prime costs per M100 of production in the construction sector also decreased by 2.1 percent.

Unit input in the national economy's transport sector was reduced by 5 percent.

The utilization period of important production equipment rose by an average of half an hour per calendar day compared with the first half of 1985.

In the sector of the industrial ministries in-house production of rationalization equipment increased by 19 percent.

M29 billion were invested for modernization, reconstruction, and expansion of the material-technical base of the national economy according to plan and for continuing the social policy. In the production branches 57 percent of the investments were used for rationalizing and modernizing existing basic assets and for more intensive development and more widespread utilization of key technologies.

--All sectors of the national economy successfully contributed to the dynamic development of output and effectiveness:

In industry net output rose by 8.6 percent, and industrial commodity output increased by 4.3 percent. In the national economy as a whole, industrial commodity output rose by 4 percent.

In the sector of the Ministry of Construction net output increased by 6.8 percent. Labor productivity was up 7.4 percent.

In agriculture the state procurement plan for animal products was overfulfilled with regard to slaughter animals, milk, and eggs.

State procurement of slaughter animals rose by 2.5 percent, that of milk by 5.1 percent.

The railroads transported 133 million tons within the country. During the first half of 1986 another 111 km of railroad track were electrified.

--The material and cultural standard of living of the people was secured on the basis of the considerably increased output capacity of the national economy:

In implementing the housing program, housing conditions for 315,000 citizens were improved by newly constructing and modernizing 105,096 apartments. Building repairs in apartment houses, which were carried out by the kreis-administered construction sector, rose by 10 percent, thus exceeding the plan.

In accordance with the increased output in the economy, net money income of the population increased by about M3 billion.

The combines and enterprises of the national economy supplied the population with M1.3 billion worth of finished goods in excess of the plan, calculated in retail prices. Retail trade turnover rose by 4.4 percent; retail trade turnover of industrial goods increased by 6.1 percent.

Services and repairs for the population were increased by more than 5 percent.

In public education, material conditions for the care and education of children and adolescents improved due to the construction and remodelling of 584 classrooms, 58 school gymnasiums, and 8,063 kindergarten places.

In the university sector about 400 places in student hostels were established in order to improve the working and living conditions of the students.

The creation or reshaping of 240 workplaces for physicians and dentists contributed to further improving basic out-patient care for the population. For older citizens 421 places in retirement homes with nursing stations were finished.

The "Sports Festival and Spartakiade Relay" gave new stimuli to the further development of physical culture and sports. GDR sportsmen won 20 gold medals, 23 silver medals, and 31 bronze medals in world and European championships.

Intellectual-cultural life was fully marked by the 11th SED Party Congress. As a cultural festival of the trade unions for socialism and peace the 21st GDR workers festival in Mageburg Bezirk became an impressive show of the achievements of the people's creative powers.

—Foreign trade relations were further consolidated and developed. Export surplus amounted to 1.8 billion valuta marks. Foreign trade turnover with the socialist states reached 59 billion valuta marks. This is two-thirds of the GDR's total foreign trade. Foreign trade turnover with the USSR, the GDR's largest trade partner, amounted to 35 billion valuta marks.

Important progress was made in further shaping the GDR's capital city Berlin as a political, economic, scientific, and intellectual-cultural center of our republic. Berlin's industrial enterprises achieved above-average dynamic growth of net production by 8.9 percent through comprehensive intensification. Labor productivity was raised by 9.6 percent.

The Berlin construction workers, together with building collectives from all bezirke of the republic, made an essential contribution to the further shaping of our socialist metropolis, mainly within the "Berlin FDJ Initiative." Through the building and modernizing of 14,894 apartments, housing conditions were improved for another 40,000 citizens. The presentation of the Marx-Engels Forum and the Ernst-Thaelmann Park with its residential area on the eve of the 11th SED Party Congress was a highlight of social life. The work on the most important construction project in the inner city, the Friedrichstrasse/Otto-Grotewohl-Strasse investment project, was continued according to plan. During the first half of 1986 the expansion of the Berlin East Railroad Station to a central station and the extension of the E subway line to Berlin-Hellersdorf were carried on continuously.

I. Science and Technology

As a result of numerous initiatives, workers and cooperative peasants, scientists, engineers, and young researchers industriously and energetically concentrated their strength on the scientific-technological progress. In the first half of 1986 the planned tasks of science and technology were overfulfilled. The increase of labor productivity and the decrease in production input are based on a growing share of top scientific-technological achievements, in particular in the development of microelectronics, the use of flexible automated manufacturing systems and industrial robot technology, the accelerated introduction of CAD/CAM solutions, as well as new industrial materials and highly efficient technological processes.

The renewal of the production range was felt increasingly in the increased efficiency and quality of production, as well as in exports. At M50 billion the production volume of newly developed goods was 10 percent higher than in the same period of last year. In the first half of 1986, altogether about 3,000 new products, processes, and technologies were applied in production. In the first half of 1986, 34 results of application of microelectronics, 65 CAD/CAM solutions, 28 solutions for flexible automated manufacturing systems and the application of robot technology, as well as 26 highly refined industrial materials were introduced into production through the state assignments concerning science and technology and other tasks of the state plan to introduce key technologies.

Results and experiences in the application of key technologies were demonstrated illustratively in the GDR television series "Race with Time."

Through the introduction of new technological processes, the increased performance capacity of the combines in-house production of rationalization means, as well as through the broader utilization of CAD/CAM solutions, 265 million hours of working time were saved. About 40,000 working people were set free for other tasks, in particular for improving the utilization of working time at highly productive pieces of equipment with a simultaneous increase in the multiple shift system, for increasing consumer goods production, and for expanding the combines in-house production of rationalization means.

Through the application of the scientific organization of labor, 140,000 workplaces have been created anew or restructured and, at the same time, working conditions have been further improved for the working people. For 35,000 working people hardships and health hazards have been reduced, and for 16,000 working people they have been eliminated altogether.

Material- and energy-saving technologies, new industrial materials, as well as the optimization of design through the application of CAD/CAM made possible another noticeable reduction in specific production input through the saving of material, including 250,000 tons of rolled steel, 7,200 tons of nonferrous metals, and 157,000 tons of cement. The reduction of material and energy costs achieved in this way amounted to M2.5 billion.

For the accelerated development and comprehensive application of key technologies the following results have been implemented in production:

--The introduction of new circuits together with the rapid increase of the production volume and the introduction of new technological equipment and materials for microelectronic components contributes to increasing the pace of the utilization of microelectronics. New miniaturized passive components on the basis of highly efficient basic technologies with a top international level were introduced into mass production, including chip capacitors and metallic film resistors. Microcomputer control systems were introduced on a broader basis, among other fields in such sectors as the uninterruptible operation of energy supply facilities, the efficient operation of metallurgical furnaces, to increase the performances of speed-controlled drives, as well as for textile machines with expanded pattern production possibilities.

--New CAD/CAM solutions were introduced for the planning of chemical plants, structural steel engineering, and equipment of the food industry, for the design of gears, moulds, and tools, the cutting sector in the textile industry, as well as for production control in many enterprises in mechanical engineering, electrotechnology, and the light industry.

Modern computing technology was used--with new application solutions--for production supervision and control in cattle sheds, for the rationalization of transportation processes, including inland navigation, for optimizing the turnaround time of rail cars on branch lines, as well as for shortening the toxicological examinations in thepharmaceutical industry. Through reusable software technologies, auxiliary programming tools, and work units for the efficient development of programs, further prerequisites were created for the rapid introduction of CAD/CAM solutions.

--Through the use of further flexible automated manufacturing systems and of industrial robot technology noticeable progress was achieved in the comprehensive automation of entire production sections, among other things through solutions for the semi-automatic production of abrasive wheels, of drilling machines, and body parts for washing machines, through the comprehensive use of robots for the production of tiles, as well as the creation of new sewing robots for the production of tiles, as well as the creation of new sewing robots for labor-intensive processes in the garment and leather goods industries.

--Significant reductions in costs and effective savings of material are achieved through new processing technologies, including the use of laser technology for the separation of large sheets, high-vacuum aluminium sputtering of packing means and high-speed hardeningwith electronic beams to increase the stability of machine parts. With the introduction of new industrial materials and materials such as precision resistance foils and aluminium microwires, cold-rolled starting material for the production of enamel products, precision steel tubes for hydraulics, and water-atomized powdered iron, the range of highly refined deliveries was expanded.

In the fields of biotechnology, the international level was achieved by making available genetic manipulation production branches for brewery and distillery enzymes, and by guaranteeing this production in existing facilities with an essentially increased yield. With the development of biotechnological processes, further prerrequisites for the introduction of important biocatalysts for agriculture and the health sector were created.

To consolidate the export strength of the GDR, new types of machine tools and printing machines, microelectronically-controlled textile machines, industrial electric locomotives with electronic control for extreme climatic conditions, compact electrical current generating facilities, gear motors with increased operational reliability, harbor and railroad cranes, universal excavators for the use in cold areas, and various types of railroad cars were introduced into production.

Further progress was made in renewing the range of consumer goods for supply to the people and for export. New consumer goods such as household gas-stoves, equipment for the do-it-yourself and gardening sectors, household preserving agents, paints, and detergents were produced.

With the centrally assigned youth projects of the science and technology state plan, important results were achieved in mastering the key technologies. Youth's participation in the Fair of the Masters of Tomorrow movement increased. In the first half of 1986 over 3,000 robots were produced and used in the FDJ "Industrial Robots" initiative. Through FDJ collectives over 65 million hours of working time and over 7,000 workplaces were saved. In the youth inventors' competition 600 applications for patents were handed in. Science and production come closer and closer and are getting interlaced. The scientific-technological potential of the research institutions of the GDR Academy of Sciences, the universities, and the colleges was increasingly concentrated on working out top achievements, in particular the accelerated development and broad national economic application of key technologies in accordance with the resolutions on the expansion of research cooperation agreed through contracts. Combines in the industrial and construction sectors concluded nearly 2,000 performance contracts on concrete tasks. In the GDR Academy of Sciences the proportion of work done in mathematical, natural sciences, and technical research which, through performance contracts, is economically lined with combines, increased from 33 percent in 1985 to 47 percent in the first half of 1986.

Important results of increased research cooperation between the GDR Academy of Sciences and other scientific institutions and the industrial combines were, in particular, the creation of scientific-technological foundations for modern microcomputer arrangements to be used in future computing and communications technologies; new structuring and coating processes to produce extremely highly integrated microelectronic circuits; precious-metal-free pastes for multichip circuits; an increase in the reliability of control systems for automation facilities; application solutions for position finding systems for automated assembly; growth regulators for increasing the yield of sugar beets; as well as heat recovery and reduction of harmful substances from steam generators.

The tasks planned for the first half of 1986, with which the GDR contributes to implementing the CEMA comprehensive program for the development of scientific-technological progress, were fulfilled. The results of cooperation with the USSR which are important for the national economy include: starting the permanent operation of the plant for production of feeding yeast by the Fermosin method in the Schwedt petrochemical combine VEB; the starting of test operations in the continuous cold-rolling of steel tubes of the first series of dimensions [erste abmessungsreihe] in the Riesa tube combine VEB; a new assembly technique for nuclear power plant blocks; as well as a highly efficient mud treatment process for large-scale sewage works.

With their initiatives for the 11th SED Congress, the members of the Chamber of Technology and the over 1.2 million working people who participated in the innovators' movement made a considerable contribution to the economic gain from science and technology. The annual profit [as published] of the innovations put into practice in the first half of the year amounted to M3.2 billion in the state economy.

II. Industry

The working people in industry exceeded the plans for net output and industrial commodity output every month.

Net output in the sector of the industry ministries rose 8.6 percent. A reduction in costs per M100 worth of commodity output and in material costs substantially contributed to this. Labor productivity rose 8.6 percent.

The number of combines that increased labor productivity more rapidly than net output, rose. For centrally administered combines this figure rose to 61 and for bezirk-administered combines to 50. Industrial commodity output rose 4.3 percent in the sector of the industry ministries.

The plan lead totaled M1.5 billion for net output. The combines supplied M2.4 billion worth of products in excess of the plan to the population, the national economy, and for exports.

The high degree of dynamism was maintained in particular by the combines that fulfilled or overfulfilled all indexes relating to performance evaluation and ensured that their products met variety and contract requirements. They comprise the following centrally-administered combines with a 10 and more percent increase in net output and productivity.

The Eisenhuettenstadt Hermann Matern strip steel combine; the Brandenburg quality and refined steel combine; the Piesteritz agrochemical combine; the Teltow electronic components works; the Karl-Marx-Stadt IFA automobile combine; the Leipzig Werner Lamberz printing combine; the Torgau plateglass combine.

Net output rose 11.2 percent and industrial commodity production rose 3.5 percent in the sector of the economic councils of the Bezirke. Labor productivity rose 11.1 percent. The bezirk-administered combines that have fulfilled or overfulfilled all the indexes of performance evaluation and achieved an increase in net output by 10 percent or more comprise:

The Oschersleben (Magdeburg) effective substances and mineral substance mixtures combine; the Kyritz (Potsdam) electrical installations building combine; the Koenigshuette (Magdeburg) foundry and furnace building combine; the Magdeburg Unitras combine; and the Finsterwalde (Cottbus) wood-processing combine.

Prime production costs per M100 worth of commodity output were reduced by 2.1 percent in the sector of the industry ministries. The following combines, among others, achieved high rates of reduction in prime production costs, primarily in the costs of materials:

The Leipzig-Grimma chemical installations building combine; the Berlin automation installations building combine; the Erfurt microelectronics combine; the Rostock shipbuilding combine; the Dresden pneumatic and refrigeration technical equipment combine; the Magdeburg gear and clutch building combine; and the Leipzig Werner Lamberz combine.

In the first half of 1986 the combines in the industry ministries sector manufactured for the population M0.8 billion worth of finished products in excess of the plan.

Combines whose production program mainly consists of means of production increasingly made an important contribution to ensuring stable supplies to the population. For example, the following combines stepped up the output of finished products to the population by more than 10 percent, this production accounting for more than 5 percent of the products sold by them:

The Leuna Walter Ulbricht works in Leuna; the Teltow electronic components combine; the Berlin Friedrich Ebert electrical apparatus building combine; as well as the Hermsdorf ceramic combine.

The following combines in the bezirk-administered industry sector that achieved a more than 10 percent output increase for the populace chiefly contributed to the increased supplies:

The Berlin technical consumer goods combine; the Berlin rationalization means combine; the Arnstadt (Erfurt) machinebuilding combine; the Karl-Marx-Stadt polytechnical and precision instruments combine; the Magdeburg fancy goods and leather goods combine; the Neuruppin fire extinguishers combine (Potsdam); and the Schwerin Linda combine.

The output of newly developed consumer goods, further improving supplies to the population and for export, increased. It amounted to M16 billion in industry. Hence M1.5 billion worth more new consumer goods were manufactured than in the same period of the preceding year. The consumer goods industry combines that considerably increased the share of newly developed products of their overall commodity output compared with the same period last year comprise:

The Suhl electrical appliance works; the Karl-Marx-Stadt household appliance combine; the Plauen DEKO combine; the Thalheim Esda hosiery combine; the schmalkalden sports requisites combine; the Ribnitz-Damgarten furniture combine; the Kahla fine ceramics combine; the Dresden Germed pharmaceutical combine; and the Berlin cosmetics combine.

It is possible in some enterprises to tap additional performance and efficiency reserves by means of ensuring high performance production every month, every 10 days, and every day as well as through a comprehensive fulfillment of plans and the delivery of products in accordance with contracts.

Despite the prolonged extreme winter conditions, the working people in the coal and power industry, supported by many helpers from other sectors of the national economy and members of the GDR's armed forces, ensured stable supplies of coal, electric power, gas and heat to the national economy and population. The plans for brown coal extraction were exceeded every month. The lead over the plan totaled 2.9 million tons. In the first half of 1986 more than 8 million tons of brown coal briquettes were sold to the people. This is 10 percent more than in the same period last year.

The refinement of domestic brown coal into high quality sources of energy for the consumer was intensified. For brown coal briquettes the lead over the plan amounted to 361,000 tons and for sifted coal 444,000 tons. The plan for the production of city gas was exceeded by 277 million cubic meters.

In the "Natural Gas Pipeline in the USSR" central youth project the working people, with the 5,500 FDJ members at their head, are accomplishing high performances. In the first half of the year 79 kilometers of pipeline were laid on the linear section of the natural gas pipe line. Three compressor stations, one supplementary compressor station [Nachverdichterstation], 530 housing units, one hospital complex and one supermarket were completed.

In the geological industry prospecting work was carried out to the planned extent. It resulted in an increase of resources, particularly brown coal, building raw materials and underground water.

The plan for natural gas extraction was fulfilled by 101.8 percent.

Net output in the electrical engineering/electronics sector rose 13.3 percent. Costs were reduced by 3.2 percent. Industrial commodity output increased by 6 percent. The output of microelectronic components was stepped up at an above average rate as a prerequisite for the comprehensive application of key technologies. The manufacture of semiconductor components and electronic modules increased 15 percent compared with the same period last year. Thirty percent more monolithically integrated circuits and 19 percent more optoelectronic semiconductor elements were manufactured. The overfulfillment of the production plan for technological special equipment by 8 percent helped to further enhance the effectiveness and technological standard of the production.

Material prerequisites for further automation and rationalization were created by stepping up the output of office and personal computers by 112 percent, of combined devices for control, regulation and monitoring by 18 percent. Also accelerated was the manufacture of key technology products such as microcomputers by 6 percent, small data processing plants by 16 percent, and of electronic printing devices with a 65 percent increase. The production of optical fiber-cables was expanded.

Net output rose 10 percent in the machinebuilding sector. Industrial commodity output rose 5 percent. Labor productivity rose 10 percent. The enhanced manufacturing standards, the improvement of the efficiency and quality of production processes, particularly through the application of new technologies, substantially contributed to all this. In the first 6 months of this year a total of 144 new technologies and processes were introduced within the framework of the state plan and the enterprise plans for science and technology. The number of robots employed in the machinebuilding sector rose 31 percent.

The output of modern equipment and plant for the extraction, processing, and refinement of power sources, raw materials and waste products has increased. Thus the production of plants for the production of electric power rose 70 percent and for the production of concrete and concrete products by 24 percent.

Above average growth rates were achieved in the production of rolling mill equipment--10 percent; of stranding and cable machines--31 percent; and of continuous conveyers—11 percent. The net output of machine-tool building rose 15 percent. Machine tools equipped with microelectronics are increasingly being manufactured as components of automated production complexes and stages for the national economy and for exports. The share of manufactured machine tools equipped with microelectronic devices has increased. It totaled 73 percent for metal-cutting machine tools and 38 percent for machine tools for plate and solid forming. A high output increase by 15 percent was also achieved for machinery and equipment for the printing and paper processing industry.

The output of materials and subcontractor products that are decisive for both function and quality was stepped up in order to boost the capability of the final producers. Increase rates of 10 percent and more were achieved for important subcontractor products. These comprise:

Highly refined hot-rolled sectional steel with high utilization properties; highly refined structural steel; rails and accessories; round steel in rings; high-pressure polyethylene pipes; trichlorosilane, polyurethane, methanol, pure benzol, condensers, optical fiber cables, semifinished optical glass products for optical fiber communication, single-phase standard motors, industrial gears, tools for forming plastic and elastic materials, glass parts for color reproduction tubes, plate and sheet glass.

Development of the production of important products compared to first half of 1985

	to percent
electrical energy	102.9
sifted coal	106.6
brown coal pulverized fuel	103.9
rolled steel, total	104.0
including refined rolled steel	107.2
steel tubes, fusion welded	108.5
nitrogen fertilizers	122.4
high-pressure polyethylene	107.6
polyurethanes	110.0
car tires	103.7
synthetic silks	105.0
cutting machine tools	110.0
industrial robots	117.0
ventilation and air conditioning equipment	110.1
machines and equipment for chemical processing technology	109.0
products for hydraulics	106.1
compressors	115.6
roller bearings	105.6
trucks W 50	105.6
direct current generators	116.0
special electrical equipment for road vehicles	109.2
electronic data processing facilities	108.3
independently working data collection units	112.6
microlithographic equipment	134.3
color television sets	105.1
hosiery	104.0
children's outerwear	103.7
products of the purse-making industry	105.4
furniture and upholstery	105.7
toys	105.6
household refrigerators	105.8
including household freezers	113.7

Domestic production of means of rationalization increased in the industry ministries sector by 19 percent. All sectors overfulfilled the targets for the first half year. The production of means of rationalization by the combines and enterprises themselves increasingly supports modern technologies and equipment investments. Exemplary achievements were made by:

The Carl Zeiss Jena combine VEB with a semi-automatic manufacturing process for camera cases, automatic assembly systems for spectacle frames, as well as assembly testing equipment for high-efficiency optics; the Bitterfeld chemical combine with the production of production plants for phosphororganic insecticides, chloral, and sodium metasilicate; the Berlin plastics and elastics processing combine with the introduction of new technologies for the production of oil pressure brake hoses and a complete facility for reprocessing household plastics; the Torgau flat glass combine with the rationalization of the production of thermopanes as well as the development and production of computer-aided cutting facilities for float glass.

The share of domestic production of means of rationalization investment equipment increased to 19 percent. With a production increase of 6 percent, the industrial enterprises' construction departments contributed to an increased extent to modernization and the preservation of value.

Compared with the first half of 1985 the utilization of important production equipment in terms of time increased by half an hour per calendar day on average. In the equipment-intensive branches of basic industry the level of utilization increased to 19.4 percent and in the branches of the processing industry to 16.4 hours per caldendar day. The combines that already have a high rate of utilization and those that have shown a further improvement in the utilization of important production equipment as regards working time comprise:

The Carl Eiss Jena combine VEB, the Teltow electronic components combine, the Leipzig Baukema combine, the Fritz Heckert machine tool combine in Karl-Marx-Stadt, and the Werner Lamberz printing works in Leipzig.

The quality level of industrial production continued to increase. The production of industrial goods with the "G" quality sign increased to M45 billion.

The 745 enterprises having the title "Enterprise of Excellent Quality Work" considerably contributed to the production of goods with a high scientific-technological level and utility value. The costs for rejects and rework were reduced by 25 percent. About 35 combines achieved reduction rates of 30 percent and more.

Material and energy were used in a more rational way. The growth of production was achieved with a 3-percent reduction in the specific consumption of raw and industrial materials that are important for the national economy. Specific consumption decreased by over 5 percent for products of cast steel with lamellar graphite, primary aluminum and alloys, secondary aluminum and alloys, low-pressure polyethene, polystyrene, and cotton. The development of new products, the application of key technologies, as well as material-saving processes or technologies, and higher refinement were decisive for this. The consistent work with norms and state norm targets for material input as well as a favorable mass-performance ratio contributed to improving the material economy.

By increasing the procurement and more comprehensively utilizing secondary raw materials and industrial waste products, the supply of materials and raw material to the national economy was supported. In the first half of the year 2.45 million tons of steel scrap, 210,000 tons of cast iron scrap, 325,000 tons of waste paper as well as 650 million bottles and glasses were collected. The collection of waster paper, textiles, and thermoplastic waste from households was increased. The people supplied 31 kilograms of scrap, 21 kilograms of waste paper, and 98 bottles and glasses oer household to the secondary raw material trade on average.

At present the share of secondary raw materials in the overall use of raw material amounts to 69 percent for the production of copper, 100 percent for lead, and 50 percent for pulp and paper.

With a gain of M1.4 billion in the "Material Economy" FDJ action and M40 million in the "Fodder Economy" FDJ action an efficient contribution to efficiently utilizing raw materials, materials, and energy was made. About 280,000 tons of steel scrap and 65,000 tons of waste paper were collected by the members of the youth association and the Ernst Thaelmann pioneer organization in the first half of 1986.

The working people of the water management sector secured a stable and adequate supply of drinking water for the people, including the necessary sewerage and waste water treatment, as well as the procurement of industrial water for the dynamic growth of industrial production and use in agriculture. The prerequisites for the implementation, of the housing construction program in accordance with the plan and for improving the level of equipment of existing apartments were fulfilled.

With the completion of the second biggest drinking water reservoir of the GDR in Eibenstock the water supply for the citizens in Karl-Marx-Stadt and Zwickau has been essentially improved. With the implementation of investments, in accordance with the plan, and the utilization of the national economic mass initiative, in particular in small towns and communities, the existing capacities of the water and sewage works were increased by 120,000 cubic meter per day and 50,000 cubic meter per day and for another 24,500 inhabitants a central water supply was implemented as well as a central waste water treatment for 21,500 inhabitants.

The combines and enterprises responsible for implementing recycling projects, keeping the air clean, protecting forests and waters, started these measures in accordance with the plan or continued them as planned. This includes above all facilities for desulfurization of flue gas in heating and industrial power stations in Berlin, Leipzig, and Karl-Marx-Stadt as well as the reconstruction and introduction of more efficient dust removal facilities above all in brown coal power plants and metallurgical enterprises.

III. Investments

For the modernization, reconstruction, and expansion of the material-technical base of the national economy in accordance with the plan, and in continuation of social policy, investments worth M29 billion at current prices were made. In implementing the SED's economic strategy, the investments increasingly served the development and application of the key technologies.

More than half of the national economic investment volume was used to increase the performance capacity and efficiency of industry. The share of the investments used for rationalization in industry further increased. The enterprises of the processing industry used 73 percent of the investments to rationalize and modernize the existing basic assets. The use of investments for rationalization has been increasingly linked with the implementation of general repairs and routine repair work.

In the first half of 1986 5,500 new industrial robots were installed in the national economy. Thus the stock increased to 60,000 units. The greatest efficiency is achieved where they are used as firm element of technologies in modern manufacturing sections.

In the 12 automated manufacturing sections of the metal-processing industry, put into operation in honor of the 11th SED Congress, 200 industrial robots are integrated the average utilization of which--18 hours per calendar day--is above the utilization level achieved in the national economy.

The following combines achieved good results in the use of industrial robots, in particular in releasing working people for other important tasks for the national economy:

The Brandenburg quality and special steel combine, the Wolfen photochemical combine, the Dresden Robotron combines, the Erfurt microelectronics combine, the Karl-Marx-Stadt Fritz Heckert machine tool combine.

The accelerated introduction and application of CAD/CAM working units and systems contributed to increasing the efficiency. In the first half of 1986 6,800 CAD/CAM working units were established. By the end of June 1986 over 16,000 CAD/CAM working units were in operation. In a short time tens of thousands of working people qualified for the work on these units. Key points for using the CAD/CAM technology are research and development, design and planning, software development, as well as preparation and implementation of production.

About 250 capacities of investment projects that are important for the national economy started permanent operation. These include:

--Capacities for products of microelectronics like raw silicon and silicon disks in the Freiberg trace metals VEB; integrated circuits and silicon transistors in the Frankfurt (Oder) semiconductor VEB, circuits in the Dresden center for research and technology of microelectronics VEB and the Ruhla clock works VEB, capacitors, trimmers, and filters in the Gera electronics VEB; technological special equipments and components from ferrite in the Hermsdorf ceramic works VEB;

--Capacities for a better utilization and higher refinement of the domestic fuel and raw material resources, such as for the brown coal high-temperature coke production in the Schwarze Pumpe gas combine VEB; a new facility for complete utilization of crude oil reserves in the Leuna Walter Ulbricht Leuna works VEB; the scrap reprocessing center in Hoppegarten near Berlin of the Eberswalde metal processing VEB as well as the manganese mud processing plant in the Bitterfeld chemical combine VEB.

--Facilities for the application of progressive working and processing methods for the production of goods such as steel wore ropes in the Rothenburg Wire and Rope Works VEB; equipment for chemical materials processing in the Karl-Marx-Stadt Germania VEB; large and medium-sized electrical machinery in the Dresden Electrical Engineering VEB; ball valves in the Prenzlau Measuring Instruments and Fittings Plant (MAW) VEB;

--Facilities for consumer goods, for instance for the production of color television tubes in the Berlin Television Electronics Work VEB; quartz-crystal watches and alarm clocks in the Ruhla Clock Works VEB; Simson scooters in the Suhl 'Ernst Thaelmann' Vehicle and Sporting Arms Works VEB; automatic washing machines in the Schwarzenberg Washing Machines Works VEB; household china in the Kahla United China Factories VEB; bed sheets in the Mittweida Linen Union VEB; and ceramic wall and floor tiles in the Zwickau plant of the Boizenburg "Kurt Buerger" Tile Factory VEB.

Investments for new construction, reconstruction, modernization, and value preservation of apartments and institutions of the education sector, health and social care, culture, recreation, physical culture, and sports amounted to M7 billion. These financial means were used in particular for the implementation of the housing program, the core of the socio-political program.

During the first 6 months of 1986, 105,096 apartments were constructed or modernized. The plan was overfulfilled. In addition, 4,240 places in nurseries were newly established or remodelled, 8.063 kindergarten places, 584 classrooms, 58 school gymnasiums, 240 work places for physicians and dentists, and 421 places in retirement homes with nursing stations; 1,264 places in hostels were created for senior citizens.

The first unit of the "Clara Zetkin" Training College for Teachers in Berlin-Hohenschoenhausen was handed over for use. Within the framework of comprehensive housing construction 10 youth club facilities with 1,130 places were completed for young people's leisure activities, 11 youth club facilities with 530 places were constructed with means from the agricultural construction fund [Landbau].

Through reconstruction and modernization measures, qualitative improvements were made in 12 institutions of youth tourism and in 25 central pioneer camps for leisure and vacation activities of children and young people. During the first half of 1986 a recreation home in Schoeneck was presented for use in the holiday program of the trade unions.

IV. The Construction Sector

By continuously fulfilling the plan in all months, the working people in the construction sector strengthened the material-technical base of the national economy and continued the housing program. The net output plan was overfulfilled with 102.4 percent. Compared with the first half of 1985, the increase amounted to 6.8 percent. All centrally administered combines and the locally administered construction sector fulfilled and overfulfilled their plan targets. Good results in the fulfillment of the key targets of performance assessment were achieved in particular by the following combines:

Halle Chemical Construction and Assembly Combine; Erfurt Construction and Assembly Combine; Leipzig South Construction and Assembly Combine; Potsdam Housing Construction Combine; Erfurt Road Construction and Civil Engineering Combine; and the kreis-administered construction sector of Potsdam Bezirk.

The output increase in the construction sector is a result of the 7.4-percent rise in labor productivity. Exceeding the planned net profit was made possible mainly by reducing the planned prime cost, which was reduced by 2.1 percent compared with the first half of 1985. Most of all, expenditures for materials were saved. Unit input of rolled steel was reduced by 6 percent and that of cement by 2 percent.

The rising efficiency and productivity was determined by the increasing economic effectiveness of science and technology--293 results involving tasks from the state and enterprise plans for science and technology were introduced into production. The focal points were the tasks concerning material and energy saving in construction, saving of working time, and reducing construction costs.

In the construction industry the amount of reconstruction measures and repairs rose by 5.5 percent. Thus, their share in construction output increased to 25 percent.

In-house production of rationalization equipment rose by more than one quarter.

Production of building materials and products of the prefabrication industry increased by 4.2 percent. The plan was overfulfilled with 101 percent. Products such as mineral wool, porous concrete elements, calcareous sandstones, wall and floor tiles, and windows were manufactured in excess of the plan. Supply of building materials for the population was up 7.3 percent above the first half of 1985.

In implementing the housing program, the construction workers completed 5,896 apartments in excess of the plan during the first 6 months of this year. In the new construction of housing units, 55,543 apartments were built, including 6,118 apartments in privately owned houses. To an increasing degree apartments were built in already developed areas in the inner city. This contributed to reducing construction costs. From the existing housing stock 49,553 apartments were modernized. During modernization 28,117 apartments received a bathroom and/or a shower, 23,230 got private toilets, and 18.168 were equipped with modern heating systems.

The "Rebuild and Expand" FDJ drive made an important contribution to reconstruction and modernization with 12,400 apartments. The communal facilities planned for supplying and caring for the population were all completed.

The kreis-administered construction sector overfulfilled the plan for building repairs in apartment houses by 2.3 percent. Compared with the first half of 1985, an increase of 10 percent was achieved. Planned roof repairs were exceeded. In some kreise planned building repairs in apartment houses were not wholly fulfilled.

Within the framework of the traditional "Beautify our cities and villages--join in!" citizens' initiative, 93,384 apartments for older and needy citizens were renovated.

V. Agriculture, Forestry, and Foodstuffs Industry

The cooperative peasants and workers in agriculture, foestry, and the foodstuffs industry secured a stable supply of food to the population and of important raw materials to industry at a high level. By deepening cooperation relations it was possible to achieve further progress in the intensification of agricultural production.

On 21 June the 30th agricultural fair, Agra 86, was opened in Markkleeberg by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council. It was fully dedicated to implementing the decisions of the 11th SED Party Congress. Within 3 weeks the teaching and performance exhibition was visited by about half-a-million guests from the GDR and from abroad.

During the first half of 1986 the plan for state procurement of animal products was overfulfilled; 33,500 tons of slaughter animals, 272,000 tons of milk, and 20 million eggs were produced in excess of the plan. All bezirke fulfilled and overfulfilled the planned procurement of slaughter animals and milk.

	Fulfillment of the half-year plan of state procurement (in percent)	Development compared to the first half of 1985 (in percent)
slaughter animals	102.6	102.5
milk	107.4	105.1
eggs	100.8	100.2

The basis for the overfulfillment of the plan was the performance increase per animal, while at the same time fodder was used more economically. Compared with the same period last year, fodder consumption per unit of animal production decreased by 1 percent, while performance per animal was raised by a total of 4 percent. The weight gain per day increased by 1 percent per feeding pig and by 5 percent per head of feeding cattle; milk output per cow rose by 6 percent. These good results were mostly due to the widespread application of animal-shed-related maximum yield concepts.

Through conscientious livestock raising and tending, breeding results for piglets rose by 4 percent in the socialist agricultural enterprises. Animal losses of young pigs were reduced by 13 percent and that of calves between 1 and 6 months of age by 7 percent.

Further performance and efficiency reserves can be tapped by overcoming unjustified differences between comparable LPGS and state farms.

In total, the following livestock was available on 31 May 1986:

	Number of animals in 1,000's
cattle	5,909
of which, cows	2,056
pigs	12,500
of which, sows	1,133
sheep	2,983
laying hens	26,120

The procurement from the individual production of cooperative peasants and workers with private plots, the members of the Association of Small Gardeners, Settlers and Small Animal Breeders, as well as other small-scale producers increased by 14 percent for slaughter pigs and by 28 percent for slaughter poultry and rabbits.

More than 2.5 million hectares were sown with grain, 461,000 hectares were planted with potatoes, and 226,000 hectares with sugar beet. Through reconstruction and new construction, 62,500 hectares were developed for irrigation.

An essential precondition for the more intensive use of the available technical means was the increased in-house production of rationalization equipment. The plan was overfulfilled. In total, rationalization equipment worth M785 million was produced, that is, 14.2 percent more than during the same period last year.

In the combines of the foodstuffs industry and agricultural technology, plans for net output, commodity output, and net profit were overfulfilled. Net output was raised by 6.5 percent and labor productivity increased by 5.7 percent on this basis.

The working people in forestry supplied the national economy with 5.1 million cubic meters of rough timber and overfulfilled the national economic plan by 3.8 percent. Comprehensive measures were taken for the preservation, care, and protection of forests. According to plan, 22,000 hectares were afforested. Care and fertilizing measures were carried out on 60,700 hectares, that is, 5.4 percent more than during the first half of 1985.

An important contribution to the positive results in agriculture, forestry, and the foodstuffs industry was made by the young cooperative peasants and workers in the "Animal Production" FDJ initiative, in the "Irrigation" youth projects, and in the "Healthy Forest" FDJ drive.

VI. Transportation, Posts, and Telecommunications

During the first half of 1986 the working people in transportation achieved great performances in order to meet the national economic demand in transportation of goods within the country and across borders. Through further rationalization and optimization of relations concerning cooperation, delivery, and transportation, unit input of transportation was reduced by 5 percent. The intensification of transportation was continued by transferring commodity transports to cost- and energy-saving forms of transportation.

The railroads, the most important branch of transportation, carried 75 percent of all goods in inland transportation. Within the framework of the "Railroad Track Electrification" central youth project, another 111 km of electrified tracks and 2 converter stations were put into service. Compared with the first half of 1985, the share of transportation carried out with electric locomotives rose from 34 to 38 percent. In container transportation performance rose by 6 percent. Reserves for a further performance increase lie in acceelerating the turnaround time of freight cars, particularly concerning loading and unloading, and in a higher degree of utilization.

During the first half of 1986 inland navigation carried 10 percent more goods--at times under complicated conditions for navigation--than during the same period last year.

By increasingly shifting transports from the enterprises' own means of transportation to public transportation, freightage became cheaper and more efficient, thus reducing the transport volume in inland raod transportation by 2.9 percent. This made it possible to reduce the transport volume of the enterprises' own means of transportation by 9 million tons of goods.

Maritime navigation carried 6.2 million tons of goods. Transfer of goods in the GDR's seaports increased by 4.5 percent to 12.6 million tons.

Public means of transport carried an average of 11.6 million persons per day. In order to improve passenger transportation, 56 streetcar wagons, 346 buses, and 143 cars for passenger trains were put into service. The development of the network of transportation for new residential areas was continued.

In the posts and telecommunications sector services to the population and the national economy rose by 2.9 percent due to comprehensive intensification and modernization and a higher degree of utilization of the existing facilities; services in telephone and teletype communications rose by 3.6 percent. During the first half of 1986, 35,000 main telephone linkups were newly established. Since 7 March 1986 Youth Radio DT 64 broadcasts daily from 1300 to 2400. Other ultrashort wave transmitters were put into service in advance of the plan in Schwerin, Sonneberg, and Karl-Marx-Stadt.

VII. Development of the People's Material and Cultural Standard of Living

On the basis of the increased capacity of the national economy, the peoples material and cultural standard of living was secured and further raised.

As a result of the continuation of the housing program, the core of the sociopolitical program, housing conditions for 315,000 citizens were improved, mainly for workers families, families with many children, and for young couples.

During the first 6 months of this year 112,731 children were born.

As a result of the implementation of the 11th SED Party Congress decisions, comprehensive measures to promote social security and protection for families with children and for young couples came into force on 1 May 1986:

--paid leave for working mothers already at the birth of the first child until the child's first birthday;

--paid leave for married working mothers with two children to care for the children in case of illness;

--improvement of working and living conditions of families with severely handicapped children;

--increase of loans for young couples from M5,000 at present to M7,000 and raising of the age limit from the present 26 years to 30 years.

From 1 May to 30 June 1986 37,300 loans with a value of M261 million were given to young couples. In addition, 106,800 already granted loans were raised from M5,000 to M7,000. For this purpose another M214 million were made available.

Closely linked with the high performances in the national economy, the net money income of the population rose by about M3 billion. The performance-oriented wage policy was continued according to plan. During the first half of 1986 the volume of pensions was more than M300 million above that of the same period last year.

Retail trade turnover rose by 4.4 percent, that is M2.4 billion; retail trade turnover of industrial goods increased by 6.1 percent, that is

M1.7 billion. The supply of everyday consumption goods to the population, particularly staple foods, was reliably ensured at stable prices and with a high level of consumption.

Increase in the Quantity of the Supply of Essential and Nonessential Foods and Beverages Compared with the First Half of 1985

	to percent
meat, meat products, and sausages	100.9
fat cheese and fat cottage cheese	102.0
fresh fruit	104.7
canned fruit	110.9
tropical fruit	116.4
wine and champagne	101.3
roast coffee beans	103.4

On a larger scale the population is offered industrial consumer goods which better meet the higher demands for utility value, technical standards and for attractiveness and stylish chic. These comprise among others vacuum cleaners, electric ranges, water boilers, automatic washing machines, and percussion drills.

Increase in the Quantity of Supplies of Industrial Goods From Domestic Production and From Exports Compared with the First Half of 1985

	by
tape recorders	8,800 units
radio sets	26,100 "
vacuum cleaners	14,800 "
household deep freezers	28,200 "
electric ranges	9,700 "
gas ranges	5,800 "
shoes	2.8 million pairs
men's outerwear	1.0 million pieces
ladies' outerwear	1.2 " "
boys' outerwear	0.5 " "
girls' outerwear	1.3 " "
sports and tourist tents	9,700 units

The stocks of commodities were made available for youth fashion increased 7 percent.

Further progress was achieved in supplying the varieties of the 1,000 little things.

Services and repairs for the population were boosted by more than 5 percent to M3.3 billion's worth as a result of the growing capability of the state-owned service enterprises and craftmen's enterprises. Repairs of electrical household appliances and of motor vehicles increased at a rate above the average. The cooperative and private crafts, which carry out more than two thirds of all services to and repairs for the population, increased these services by more than 5 percent.

In public education teachers and educators exerted an effective influence on the communist education of pupils. They performed responsible instruction and education work to comprehensively prepare youth for life and work.

In order to prepare school students to cope with the requirements of the scientific-technical revolution classes in math and natural sciences and polytechnical subjects were or are being so structured at the 10-grade general educational-polytechnical secondary schools that the students have a more thorough understanding of the fundamental development lines of scientific-technical progress and economic strategy. The elements of electronics, microelectronics, information electrical engineering, and production automation were recently included in the polytechnical training of the students. Some 38,000 full-time and part-time workers are taking care of students in polytechnical training.

All children whose parents so desire are enabled to attend a kindergarten for care, education and preparation for school.

The "festival of study" organized in May 1986 by the FDJ Central Council became an impressive display of the performances of pioneers and FDJ members of the secondary schools and offered many varied suggestions for the further organization of the extracurricular activities of students.

By training class-conscious socialist skilled workers for all sectors of the national economy vocational training is making an important contribution to boosting national economic capability. The training takes place in the professional institutions of the combines and enterprises as well as in communal vocational schools on the basis of state teaching curriculums in keeping with the requirements of science and technology.

It has been ensured that every youth receives an apprenticeship or a place for further study and that he will receive a job after completing his training.

In the socialist professional competition the apprentices achieved high performances in both study and work, particularly in production during apprenticeship. More than two thirds of the young skilled workers are participating in the "fair of the masters of tomorrow" movement. At the time of completion of their training 95 percent of all apprentices are constantly achieving skilled workers performances. More than one half of the apprentices have passed their skilled workers' tests with the marks "good" and "very good." Places in apprentices' hostels are available for 32 percent of the apprentices.

A total of 1.8 million workers and employees, that is every fourth one, participated in adult training schemes. The professional training and advanced training helped to ensure the dynamic increase in economic performance. Advanced training schemes for masteringkey technologies were carried out comprehensively and in good time.

The capability of universities, colleges and technical schools in both teaching and research was enhanced according to the plan. The further perfection of studies was aimed at increasingly closely linking the practice-connected assimilation of the latest well-founded basic and specialist knowledge with a thorough political and ideological education.

The increasingly efficient research cooperation between the universities and combines essentially contributes to the practice-oriented education of the students and to enabling the students to perform independent scientific work. Apart from research, to an increasing extent these relations of cooperation also include tasks of basic and advanced education. Educating full-time students in the basics of information technology is proving successful. Thus, the prerequisites are created to make university and technical school students familiar with a computer-aided work method as early as during their studies.

The health and social sectors increased their efficiency. Above all basic medical care in the big cities and conurbation areas was expanded. The family doctor system was implemented in a more comprehensive way.

At present over 32,000 physicians and dentists are working for the out-patient medical care of the people. The possibilities of claiming medical service at consultation hours early in the morning, late in the evening, and on Saturdays were expanded. Through the introduction of new diagnostic and therapeutic methods the hospitals' performance capacity has been increased. The preventive health protection of the working people was further improved. The enterprise health sector takes care of more than three-fourths of all working people from an industrial medical point of view. Over 180,000 adults and children received therapeutical, preventive, and convalescence cures, above all shift workers and working women.

Health and social care for mothers and children is receiving particular attention. Over 73 percent of children up to 3 years of age were taken care of in nurseries. About 137,000 places in old people's homes and nursing homes are available for senior citizens, as well as about 31,000 places in hostels for senior citizens. About 21,000 physically and mentally handicapped children and young people are taken care of in corresponding institutions. About 44,000 severely and most severely handicapped citizens are working in sheltered workplaces and workshops or enterprise departments according to their abilities.

The mass character of physical culture and sports was further promoted in the competition on the occasion of the 11th SED Congress. The increasing interest of the working people in sport activities and the social expectations concerning their performance capacity are expressed in the increasing number of those engaging in sport activities in organizations or individually.

In preparing the 1987 national festival of physical culture and sport in Leipzig the 'Sport Festival and Spartakiade Relay' was adopted, which prompted a multitude of activities among athletes. This is demonstrated by the children's and youth spartakiade games of the kreize organized by the German Gymnastics and Sports Federation, the organs of public education, the FDJ, and the Ernst Thaelmann pioneers--which had nearly 1 million participants--and by the people's sporting competitions in preparing for the sport festival, in which 540,000 citizens have participated so far.

GDR athletes won 20 gold, 23 silver, and 31 bronze medals in world and European championships in the first half of 1986. In the 39th Kiev-Warsaw-Berlin-Prague peace race the exemplary performance of the entire collective brought about the victory of the GDR participant.

Intellectual-cultural life has become richer and assumed a more manifold character. The ceremonial dedication of the monument to the founders of scientific socialism, Karl Marx and Friedrich Engels, on the Marx-Engels Forum of the capital, and of the Ernst Thaelmann monument in the traditional Berlin workers district of Prenzlauer Berg on the eve of the 11th SED Congress became special social and cultural events.

On the occasion of the 100th birthday of the great German workers' leader Ernst Thaelmann, the ceremonial premier of the moving two-part television film "Ernst Thaelmann" took place.

An impressive artistic commitment to the policy of the party of the workers class was the festive event of the SED Central Committee on the occasion of the 40th anniversary of the KPD and SPD unification congress, and the conclusion of the 11th SED Congress in the Berlin Friedrichstadtpalast.

As a cultural festival of the trade unions for socialism and peace the 21st GDR Workers Festival in the Magdeburg Bezirk and the 10th Cultural Festival of the Socialist Agriculture had a mobilizing effect on the cultural life of the GDR. About 25,000 cultural workers from all bezirke of the republic demonstrated the cultural-creative strength of the people in over 700 events, visited by 3.4 million people.

The third meeting of friendship between the youth of the GDR and the PPR in Cottbus at Whitsun turned into a powerful manifestation to strengthen socialism and safeguard peace. The FDJ made the "Festival of the Political Song"--in which 54 soloists and bands from 29 countries of all continents participated--and the "Rock for Peace" event further highlights in youth's cultural life.

Important cultural events during the first half of 1986 were, among others, the "Day of the Arts" and the authors' reading from the "Contemporaries" anthology in the GDR's capital Berlin, the festive event on the occasion of the 40th anniversary of the German Film Corporation (DEFA); the Fourth National Motion Picture Festival of the GDR in Karl-Marx-Stadt; the GDR Music Festival in Berlin; the gala event of entertainers in the Palace of the Republic; the central closing event of the lay arts initiative for the

11th SED Party Congress in Berlin, and the opening of the permanent exhibition "Art in the GDR" in the National Gallery.

Great importance was accorded to the cultivation, preservation, and dissemination of the humanistic heritage. Under the slogan "Carl Maria von Weber and the Idea of a National Opera" the Music Festival in Dresden took place. The attractive program offered more than 100 events with soloists and ensembles from 21 countries and West Berlin. Numerous orchestras and ensembles of the GDR toured many countries, the Leipzig Gewandhaus Orchestra, for instance, went on its sixth North America tour to New York, the German State Opera Berlin went to the Hungarian People's Republic, to Switzerland, and to Spain, the Berlin State Band toured Australia and New Zealand, and the Chamber Orchestra of the Berlin Radio Station went to the United States.

In the Huegel Villa in Essen [FRG] a large GDR exhibition was opened, which is called "Baroque in Dresden" and shows 659 masterpieces from the nine museums of the Dresden Art Collection and loans from other museums and archives.

The GDR's largest art exhibition to date in Sweden is currently showing treasures from the 9th century up to the present from the northern bezirke of the GDR.

At the International Book Fair in Cairo the GDR presented 750 titles from 44 publishing companies, thus giving a representative cross section of its book production. During the first half of 1986 the publishing companies published 2,880 titles with a total print-run of 63 million copies, as well as 10 million records and cassettes.

VIII. Foreign Trade

On the basis of the increased economic power and thehigh performances of the working people in the combines and foreign trade enterprises the trade and economic relations of the GDR were consolidated. In trade with the socialist and non-socialist economic area, an export surplus of 1.8 billion valuta marks was achieved.

In implementation of the decisions of the 1984 economic talks of the CEMA countries at the highest level, the socialist economic integration with the USSR and the other countries of the community of socialist states was further deepened. During the first half of 1986 the GDR's foreign trade turnover with the socialist countries amounted to 59 billion valuta marks. This is two-thirds of the GDR's total foreign trade turnover.

The implementation of the "Comprehensive Program for Scientific and Technical Progress of the CEMA Member Countries Through the Year 2000," which had been decided by the 41st CEMA session in December 1985, was purposefully started. Active work is being done to accelerate the development and economic use of key technologies.

Foreign trade turnover with the USSR, the GDR's largest trade partner, amounted to 35 billion valuta marks. The targets for export and import were fulfilled during the first half of 1986. In implementation of the "long-term program of the development of cooperation between the GDR and the USSR in the fields of science, technology, and production up to the year 2000," fraternal cooperation with the USSR is more and more characterized by the requirements of intensification. Focal points were the further development of scientific-technological cooperation in new technologies and materials, in particular in the fields of microelectronics, technical ceramics, microbiology, consumer goods production, as well as production specialization and cooperation, mainly in machine building. On this basis production and export of modern, highly efficient machinery and equipment, in particular for modernizing and reconstructing important branches of the national economy, were developed.

On the firm foundation of the stable political and economic relations with the USSR and the other CEMA member countries, the economic and trade relations with the countries of the non-socialist economic area were developed on the basis of equal, mutually beneficial economic cooperation. Exports of the machine-building industry and the other sectors of the GDR's processing industry to the non-socialist economic area increased by 6 percent. The GDR again achieved a positive balance in trade with the non-socialist economic area.

In the case of the developing countries, trade was effectively linked with scientific-technological cooperation measures, cadre training, and advisory activities, as well as with projects for the development of industrial cooperation.

In trade with the capitalist industrial countries, the GDR maintained and developed its position on the foreign markets. This was made possible through more efficient sales and market activities, as well as through the increased capability of many combines and enterprises to react to the new demands of the foreign markets, to make the production structure adequately flexible, and to make the new results of scientific-technological progress have a rapid effect on production.

The 1986 Leipzig Spring Fair effectively supported the deepening of mutually beneficial cooperation between the states and further consolidated the GDR's reputation as a stable, reliable, and efficient trade and business partner.

The positive balance sheet of the first half of 1986 demonstrates the determination of the workers class and all other working people to do everything to achieve the highest performance increase to date during the year of the 11th SED Party Congress. In their activities the working people let themselves be led by the knowledge: "The stronger socialism is, the more secure is peace" and "My workplace is my combat station for peace." This expresses the fact that they consider the unity of economic and social policy to be their main field of struggle.

The GDR has the basic preconditions to ensure a high dynamism of economic development in the future too, and to accelerate it in important fields. The SED's economic strategy with a view toward the year 2000 provides the basic guidelines on how the course of the main task will also be successfully implemented in the future. This requires a more and more effective linking of the advantages of socialism with the achievements of the scientific-technological revolution. The decisive factors are the speed and scope of mastering the key technologies. It is important to save time in the quantitative and qualitative development of performances and to achieve high speed in increasing labor productivity.

The further strengthening of socialism, and thus the safeguarding of peace, depend more than ever before on the ability of socialism to widely develop the dynamism of productive forces, while using all its advantages, and to master the decisive, qualitatively new directions in science and technology. In close cooperation with the USSR and the other CEMA states is is important to achieve top world-level scientific-technical performances as a first-class political-strategic question and to jointly use them for the benefit of our people.

The qualitatively new stage in the further shaping of the developed socialist society, which was initiated in the GDR by the decisions of the 11th SED Party Congress, poses higher demands on the management activities of the state and economic organs and on the more and more widespread integration of the working people. The accepted competition pledges have to be fulfilled in unity of word and deed during every month and every 10-day period. All these tasks can only be fulfilled when great attention is paid to the people everywhere, with their skills, interests, and needs, their education, and their proposals. The public performance comparisons and the generalizing of the best experiences are to be organized in a purposeful way and are to be used even more intensively in the future in order to tap further reserves for performance increases. The achieved top performances are to be made effective as stable standard performances for the overfulfillment of the 1986 plan; the same applies to top results achieved within shortest-possible periods.

In the work collectives the continuous accounting for accepted pledges is to be further linked with the broad discussion of the directive for the new 5-year plan and the resulting high performance targets for the 1987 national economic plan. With pride in the achievements, militant optimism, and energy the working people of the GDR are tackling with determination the new tasks for the further strengthening of socialism and for safeguarding peace.

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PROSPECTS VIEWED FOR FOREIGN TRADE IN 1986-90 PLAN PERIOD

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[Article by Maria Haendke-Hoppe with the (West) Berlin Research Institute for Inner-German Economic and Social Issues. Selected report dealing with the theme of Economic and Socio-Political Aspects of the 11th SED Party Congress. Original title: "The Prospects for Foreign Trade"]

[Text] It is all too well known that a lack of concrete data on GDR foreign trade is more than a party congress tradition. Still, by comparison with the 10th SED Party Congress, the information conveyed by the 11th Party Congress documents is particularly scant.

Two demands, repeatedly emphasized in the party directive, represent the key to the foreign trade conception in the new 5-year plan period: To further strengthen the "economic inviolability" of the GDR and expand the "commercial scope" in trade with the West. Both these phrases reflect in semantic terms the sometimes dramatic foreign trade development in the early 1980's and the shock effect it exerted. Against this background, "economic inviolability" and "commercial scope" must be considered the driving force for the entire and partly ald-new technology program of the current plan period.

At a cursory glance, the present starting position with regard to foreign trade seems much better than at the beginning of the 1981-1985 period.(1) At that time, the GDR leaders were confronted with the mortgages taken out in the past--a shattered balance of trade involving an accumulated deficit that amounted to almost 29 billion valuta mark. This resulted from a (known) net debt (including inner-German trade) of almost $12 billion and a cumulated deficit in trade with the Soviet Union (Tables 3 and 4).

In view of the preprogrammed further deterioration in the terms of trade with the USSR and a harder sales situation due to economic crises in the West, prospects were poor indeed. The then foreign trade conception provided first of all for the consolidation of the balance of trade with the USSR by 1985 (2) and for a reduction in the annual deficits in trade with the West. This consolidation concept was brutally disrupted as early as the turn of 1981-1982.

1. The GDR was drawn into the maelstrom of the international crisis of confidence among the banks, brought about by the insolvency of Poland and Romania. As a consequence all Western sources of credit dried up, indeed outstanding loans were called in and repayments compelled.

2. Soviet oil deliveries, guaranteed at 19 million tons per annum through 1985 were cut to 17.1 million tons (1982: 17.7 million tons).

3. CEMA prices for Soviet oil exploded in 1982; for the GDR they rose by 48 percent compared to the preceding year.(3)

In view of this development "commercial scope" was out of the question--with the exception of inner-German trade. "Economic inviolability" was no longer certain.

The subsequent "crisis management" concentrated on exports to the West at any price and on severe cuts in imports requiring hard currencies. It seems that domestic collapse was avoided only due to the special conditions of inner-German trade that, as you know, is settled in VE's [accounting units] rather than in foreign exchange.(4)

The situation was decisively eased from the financial standpoint by the commercial Eurocredit in the amount of DM1 billion, granted in summer 1983 and guaranteed by the Federal Government and unconfined to any special purpose. With its help and that of the second (1984) loan, again guaranteed by the Federal Government, and the annual DM revenues (FRG payments, minimum exchange, and so on) amounting to roughly 2-2.5 billion, the GDR not only managed to consolidate its balance of payments, it also succeeded in regaining access to the international credit markets.

The GDR achieved a 26 billion valuta mark accumulated balance of trade surplus in 1982-1985. Known net debts to the West (including IDH [inner-German trade]) were almost halved at the end of 1985 by comparison with 1981: $6.5 billion.(5)

According to GDR statistics, the domestic price paid for this successful foreign trade crisis management amounted to irrecoverable losses of growth, arrears in investments, cuts in private consumption and an overall stagnation in social services.

The new foreign trade mortgages consist on the one hand in even greater debts to the USSR--the accumulated balance of trade deficit now accounts for more than 3 billion transferable rubles (see Table 4) and, on the other, an even more deformed commodity structure in Eastern and Western trade.

As regards trade with the West, a single item--mineral oil and mineral oil products--became the No 1 foreign exchange earner. Earnings from these products account for 30 percent of total deliveries to the West.

Since the CEMA summit in summer 1984, efforts have been geared to greater economic interlinks in order to reduce the debt to the USSR. The October 1984 "Program for Cooperation through 2000 between the GDR and USSR in Science, Technology and Production" gave concrete shape to this endeavor.(6) To ensure future raw material imports from the Soviet Union, the program calls for the restructuring of investments and the modernization of industry. Exports of industrial consumer goods (+ 40 percent) and chemical products (+ 50 percent), in particular, but also of investment goods are to be raised in quantitative and qualitative terms to such an extent that old debts may be repaid and annual imports financed.

At the 11th SED Party Congress, General Secretary Gorbachev emphasized Soviet expectations as follows: (7)

"We cannot imagine a future for the Soviet Union without cooperation with the GDR and the other fraternal countries. ... The socialist countries are entering an era when cooperation between them needs to be lifted to a higher level. And that not only by one or two decimal points but, to speak with the mathematicians, by entire dimensions."

The tone of the speeches by Honecker and Stoph as well as of the directive is less enthusiastic but of course follows the same lines. Closer cooperation, specially with the USSR, is deemed the decisive foundation of dynamic growth (8) and the guarantee of the ability to mobilize forces for the achievement of top performances.(9)

The 11th SED Party Congress far more than the 10th Congress emphasized GDR obligations toward the USSR. The need was stressed for an interesting export offer and the contract appropriate satisfaction of obligations as an important condition for safeguarding raw materials deliveries. In the period through 1990 the GDR will also once again participate in USSR investment projects.(10)

The few structural data given are most illuminating. At the end of October 1985--on the occasion of the conclusion of plan coordination (11)--, it was learned for example, that the foreign trade volume with the USSR is scheduled to amount to 380 billion valuta marks (1985 price base).(12) Though this corresponds to just a moderate about 25 percent growth rate by comparison with the 303 billion valuta mark volume of the last plan period, we must remember that the starting level of commodity turnover is extremely high and, just as in the 1960's, has managed to achieve an almost 40 percent share of the GDR's total foreign trade. Furthermore, no price increases for raw materials, specially oil, are in view at the moment--quite the contrary--, so that pricesare bound to drop even according to the CEMA price formula.

The growth rate for the volume of exports to the USSR is set at 30 percent above the volume of imports. This indicates the planned reduction of deficits. The most important raw materials purchases from the USSR were agreed for about the same volume as in the last period.

A volume of 200 billion valuta marks is earmarked for the other CEMA countries, representing a fairly weak growth rate of about 12 percent by comparison with the actual volume of the last 5 years. The evident trend noted in the past 5-year plan period to loosen the links with these countries is therefore projected forward, and so is the shift in the formerly traditional rough regional structure. Two thirds of the total foreign trade volume are to involve the "socialist" countries. It is intended thereby to maintain the regional structure of the last 5-year plan that had, despite the 5-year planning of 70 : 30, shifted toward the "nonsocialist" countries (including the Western industrial countries) (see Table 1).

As a consequence of this shift, the GDR is behind only Hungary and Romania now the CEMA country with most trade links to the West. In former years it had brought up the rear with Bulgaria and the CSSR.

The phraseology of the directive reads alsmost like a solemn promise to prevent further shifts toward the "nonsocialist" countries:(13)

"The dynamic development of foreign trade relations with the USSR and the other socialist countries must guarantee that roughly two thirds of the GDR's international commodity exchange are carried out with the USSR and the other socialist countries."

"Significant" export surpluses are provided for in trade with the Western industrial countries.(14) The growth rate is to be determined by the products of the metal processing industry. GDR weakness in matters replacement part supplies is expressly addressed. It is repeatedly emphasized that economic relations with the "nonsocialist" economic area must be developed on the "firm foundation of stable political and economic relations with the USSR and the other CEMA member countries."(15)

Neither the directive nor (even less) the party congress speeches indicate that GDR foreign trade is exposed to a precarious situation right at the start of the new plan period by the latest world economic trends that could not be foreseen at the time the 5-year plan was drafted. These include the rapid collapse of oil prices on the world market and the decline of the dollar exchange rate. The consequences for GDR foreign trade are extremely serious at least in the short run. Foreign exchange earnings and IDH earnings from mineral oil product exports are far less than planned even in the first half 1986. In the last 5-year plan period, a significant portion of scarce investment resources had flowed precisely into the expansion of refinery capacities. As a result the statistically proven exports of mineral oil and mineral oil products to the West more than doubled from 3 million tons in 1980 to 6.6 million tons in 1984.(16)

Imported Soviet crude held a significant share in the exports of mineral oil products. The price of this crude to the GDR was below the world market price until 1983. According to the CEMA price formula, it ought to be well above world market prices in 1986.(17)

The collapse of the dollar exchange rate affected GDR exports insofar as it has thereby been deprived of preferences on the Western market, including the West German market. In the consumer goods sphere especially it is once again exposed to the aggressive competition of the southeast Asian low price countries which invoice in dollars.

In the short run, this latest development has worsened the GDR's earlier competitive weaknesses and, instead of the needed expansion of the commercial scope, brought about its further restriction. The planned substantial export surpluses in trade with the West as well as the obligations toward the USSR require such a fundamental change in the export profile and, consequently, the production structure that we must doubt whether these goals can possibly be achieved by 1990.

In addition to the fact that the remarks on foreign trade are rather vague by comparison with those at the 10th SED Congress, we also need to note the total silence observed with regard to foreign trade reform. Every single document of the 10th SED Party Congress addressed the issue of the more efficient organization of the foreign trade apparatus, this topic was not mentioned at all at the 11th Party Congress. The reorganization of the foreign trade apparatus, initiated on 1 January 1981 on a large scale, had resulted in a relatively remarkable reform of the foreign trade system by the end of 1985.(18) At the 10th SED Congress, Erich Honecker explicitly stressed the reform of the foreign trade apparatus as follows:(19)

"The uniform and complex management of science, technology, production and sales within the framework of the combines, now including foreign trade also, is designed to develop better opportunities for a significant growth and greater efficiency of exports. While strictly maintaining the state foreign trade and foreign exchange monopoly, the dual subordination of foreign trade enterprises signifies an important step toward the perfection of management and planning."

On several occasions before the 10th SED Congress and for the last time in January 1980, Honecker sketched the objectives of the reform as follows:(20)

"It is important above all to develop the combines with their enterprises, research facilities and sales organs as cohesive organisms."

At the 11th SED Party Congress, Honecker related only half a result: (21)

"Above all, we succeeded in achieving the organic combination of production and science on an economic basis."

Until recently the dual subordination of foreign trade enterprises to the Ministry for Foreign Trade as well as to the industry ministries and the integration in combines of more than 20 foreign trade enterprises and more than 60 foreign trade sectors was described as a successful step toward the removal of the earlier total organizational separation of production and foreign trade. The failure to praise this success at the party congress also is bound to confirm the suspicion (22) that this reform has at least been put on ice if not partly reversed.

A few days after the 11th SED Party Congress, a sudden change occurred at the head of the Ministry for Foreign Trade (MAH).(23) Horst Soelle, 62, was replaced after more than 20 years in office and appointed without portfolio to one of the nine deputies to Willi Stoph. Gerhard Beil, 60, CC member, state secretary at the MAH and, since 1969, first deputy to Soelle, is the new minister. While Soelle was primarily responsible for foreign trade with the USSR and considered fairly inflexible, Beil concentrated on trade with the West and inner-German trade.(24)

Table 1--Regional Structure of GDR Foreign Trade 1976-1985 (Percentages, Prevailing Prices)

Regions	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Exports										
Socialist countries	71	75	74	73	69	66	64	64	65	65
CEMA only	68	71	71	70	65	63	61	62	63	
Western industrial countries *	24	21	20	21	24	27	29	29	30	35
Developing Countries	4	5	6	6	7	6	7	7	5	
Imports										
Socialist countries	63	69	70	64	63	67	69	66	67	67
CEMA only	61	66	67	62	60	64	66	64	64	
Western industrial countries *	32	26	25	31	30	29	27	30	29	33
Developing countries	5	5	5	5	6	3	4	4	4	

* Including IDH

Sources: GDR Statistical Yearbooks and Statistical Yearbooks of the CEMA Countries, Moscow (in Russian)

Table 2--Data on Foreign Trade 1981-1985 (Prevailing Prices) 1986-11990 (1985 Price Base)

	1981-1985 billion VM	1986-1990 billion VM	Percentage Changes	Average Annual Growth Rate (%) (Based on actual 1985 Figures
Total				
Turnover	793 (1)	ca 951 (2)	+ 20	< 2
Exports	410 (3)	.	.	
Imports	383	.	.	
Socialist World				
Turnover	523 (4)	ca 628 (5)	+ 20	< 2
Exports	265	ca 341	+ 29 (6)	< 4
Imports	257	ca 287	+ 12	< 1.5
USSR				
Turnover	303 (7)	> 380 (6)	+ 26	ca 3
Exports	-	-	+ 30 (6)	
Other CEMA countries				
Turnover	197 (8)	220	+ 12	< 1
Nonsocialist World				
Turnover	270 (9)	ca 323	+ 20	< 2
Exports	144	.	.	
Imports	126	.	.	

(1) See Figures and Facts, p 94; (2) Calculated on the basis of the turnover with CEMA at 600 billion valuta marks, about 63 percent of the total foreign trade turnover; (3) Calculated on the basis of the plan fulfillment report; (4) For 1985 calculated on the basis of the German Foreign Trade Bank report for 1985, exports to the socialist world 13.021 billion transferable rubles, imports from the socialist world 12.470 billion transferable rubles; 1 transferable ruble equals 4.67 valuta marks; (5) Calculated as roughly two thirds of 951; (6) Party congress data; (7) Figures and Facts, p 96; (8) Figures and Facts, p 98; (9) For 1985 calculated on the basis of the German Foreign Trade Bank Report for 1985, exports to the nonsocialist world $8.832 billion, imports from the nonsocialist world $7.694 billion; $1 equals 3.71 valuta marks.

Table 3--The GDR's Hard Currency Debts in Billion U.S.Dollars

OECD (1)	1980	1981	1982	1983	1984 (2)	1985 (2)
Bank credits	9.9	10.7	9.1	8.6	8.3	10.2
Supplier credits	1.8	1.6	1.6	2.0	1.8	1.6 (3)
Gross debts	.	12.3	10.7	10.6	10.1	11.8
Credit balance	- 2.2	- 2.2	- 2.0	- 3.4	- 4.5	- 6.5
Net debts	9.5	10.1	8.7	7.2	5.7	5.3

(1) Known indebtedness (excluding inner-German transactions)
(2) Quarterly report by the BIS [Bank for International Settlements] (Basle), May 1986
(3) Status at end June 1985

Sources: BIS half-year reports; BIS/OECD Statistic on External Indebtedness

Table 4--Balance of Trade Deficits

Inner-German Trade	1980	1981	1982	1983	1984	1985
Accumulated deficit in billion VE billion U.S.$ (1)	3.9 (2.1)	3.7 (1.6)	3.7 (1.6)	4.1 (1.6)	3.1 (1.1)	3.5 (1.2)
Trade with the Soviet Union	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**
Accumulated deficit in billion transferable rubles billion U.S.$	1.9 (2.9)	2.3 (3.2)	2.9 (4.0)	3.1 (4.2)	3.0 (3.8)	3.1 (3.9)

(1) Conversion ratio: U.S.$1 = 1980: 1.82 VE/DM; 1981: 2.26 VE/DM
1982: 2.43 VE/DM; 1983: 2.55 VE/DM
1984: 2.85 VE/DM; 1985: 2.94 VE/DM

(2) Official excessive conversion rate of the Soviet State Bank:
1 transferable ruble = 1980: U.S.$1.53; 1981: U.S.$1.39; 1982: U.S.$1.38
1983: U.S.$1.35; 1984: U.S.$1.26; 1985: U.S.$1.25

Sources: Press Informations of the Federal Ministry of Economics; Statistical Foreign Trade Annual (Moscow)

FOOTNOTES

1. See Maria Haendcke-Hoppe, "10 Years Foreign Trade and Foreign Trade Policy," part of "Experimental Development Concepts for the GDR Economy," FS-ANALYSEN No 5, 1984, pp 57-94.

2. See Gerhard Brendel, Hans Joachim Dubrowsky, "Trends in Trade Between the CEMA Countries," DEUTSCHE AUSSENPOLITIK No 10, 1982, p 34.

3. Arithmetically, these price increases no longer corresponded to the price formation mechanism in CEMA on the basis of the world market prices of the preceding 5 years, instead they conformed to the 3-year average practiced as far back as 1975. See Maria Haendcke-Hoppe, "GDR Foreign Trade in the Sign of Shrinking Imports from the West," DEUTSCHLAND ARCHIV No 10, 1983, pp 1069f.; Jochen Bethkenhagen, "Oil and Natural Gas in CEMA Intrabloc Trade," DIW-WOCHENBERICHT No 51, 52 1983, p 630; Josef M.van Brabant, "World Prices and Price Formation in Intra-CEMA Trade: Selected Empirical Evidence,: OSTEUROPA-WIRTSCHAFT No 3, 1985, pp 163ff.

4. For a detailed analysis of crisis management see Karl Heinz Gross, "Inner-German Economic Relations," part of "The GDR Economy at the End of the 5-Year Plan Period," Part II, FS-ANALYSEN No 5/1985.

5. This effort at reduction succeeded primarily by the quick accumulation of credit balances from U.S.$2.2 billion to U.S.$6.5 billion. Gross indebtedness, on the other hand, declined very little, from U.S.$ 14 billion to U.S.$13 billion (see Tables 2 and 3).

6. NEUES DEUTSCHLAND, 8 October 1984.

7. NEUES DEUTSCHLAND, 19 April 1986, p 3.

8. Willi Stoph, NEUES DEUTSCHLAND, 20 April 1986, p 4.

9. Directive, NEUES DEUTSCHLAND, 23 April 1986, p 3.

10. Data on the volume of investment participations in the USSR are available neither for the past 5-year plan period nor the new one. A volume of M10 billion is mentioned for 1976-1980; this differs from the just under M7 billion officially recorded, This amount is said to have been substantially exceeded in the 1981-1985 plan period. See Willi Kunz, "Socialist Economic Integration in the Conditions of Comprehensive Intensification," ABHANDLUNGEN DER AKADEMIE DER WISSENSCHAFTEN DER DDR W, 1 1985, p 24.

11. NEUES DEUTSCHLAND, 1 January 1985.

12. According to Soviet data, on the other hand, growth is to amount to 30 percent. On the basis of the Soviet data (that differ from GDR data), this would correspond to a volume of 86 billion transferable rubles or 403 billion VM in 1986-1990. See AUSSENHANDEL-UdSSR No 3, 1986, p 7.

13. NEUES DEUTSCHLAND, 23 April 1986, p 9.

14. Ibid.

15. Roughly calculated, the various data yield a total foreign trade volume of about 951 billion VM (1985 price base) for 1986-1990. At a very low average annual growth rate of less than 2 percent, this would correspond to 20 percent growth by comparison with 1981-1985.

16. "1985 Statistical Yearbook of the CEMA Countries," (Russian), p 354.

17. Whether we use the 3-year or 5-year formula, we obtain a price for the GDR of about 170 transferable ruble per ton (Saudi Arabian light). According to the Soviet rate of exchange this corresponds to about U.S.$200. On the world market, though, the average price amounted to $125 per ton in the first quarter 1986. However, the USSR is said at the summer 1984 CEMA summit to have conceded that the world market price is always to be taken into account if that price is below the CEMA settlement price. See Heinrich Machowski, "CEMA Summit: Equalization of Interests," DIW-WOCHENBERICHT No 29, 84, p 344.

18. See Maria Haendcke-Hoppe, "Foreign Trade Reform and Foreign Trade Monopoly," poart of "The GDR Economy at the End of the 5-Year Plan Period," FS-ANALYSEN No 5, 1985, pp 5-25.

19. "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X.Parteitag der SED" [SED CC Report to the 10th SED Party Congress], East Berlin 1981, pp 85.

20. "Die Naechsten Aufgaben der Partei bei der Weiteren Durchfuehrung der Beschluesse des IX.Parteitags der SED" [The Coming Tasks for the Party in the Further Implementation of the 9th SED Party Congress Resolutions], East Berlin 1980, p 42.

21. NEUES DEUTSCHLAND, 18 April 1986, p 6.

22. See Maria Haendcke-Hoppe, "Foreign Trade Reform and Foreign Trade Monopoly," ibid., p 23.

23. NEUES DEUTSCHLAND, 9 May 1986.

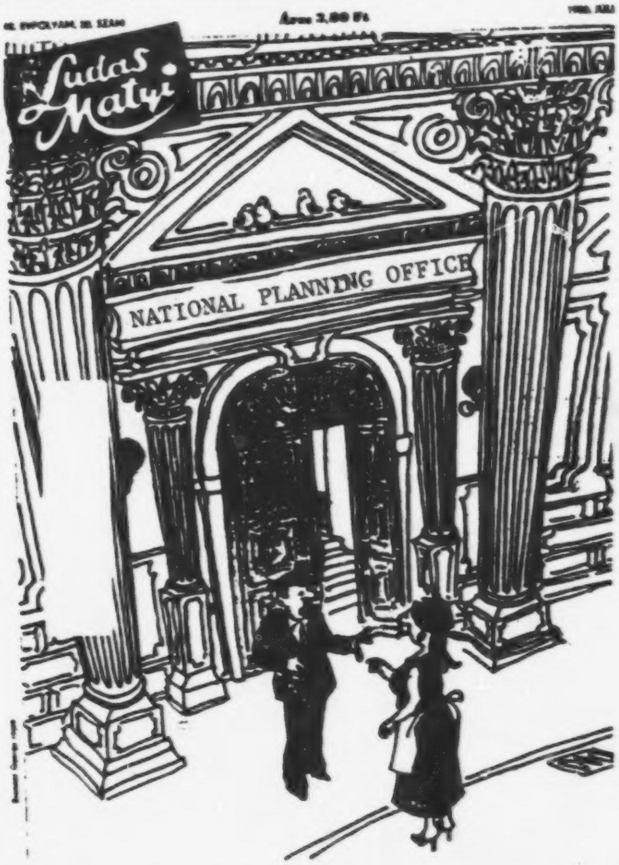
24. For his merits as a successful "crisis manager," he was awarded the GDR's highest distinction--the "Karl Marx Order"--in March 1983. See NEUES DEUTSCHLAND, 5-6 March 1983.

11698
CSO: 2300/447

CARTOON COMMENTARY ON 1986 PLAN

Budapest LUDAS MATYI in Hungarian 9 Jul 86 cover page

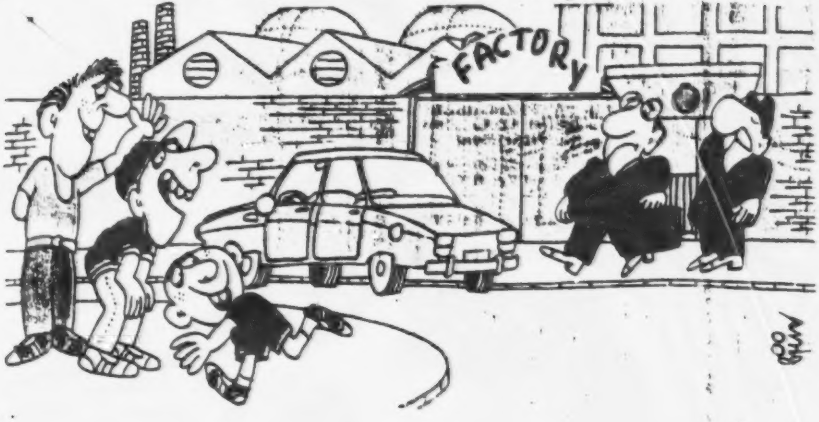
[Cartoons: The reference is to the government's quandary on how to fulfill the 1986 annual plan targets, given the fact that first quarter results already show that current performance precludes any hope of targeted levels.]



Get out of here lady, we don't need any fortune teller here.

Budapest LUDAS MATYI in Hungarian 1 Jul 86

Dirty words of the Day

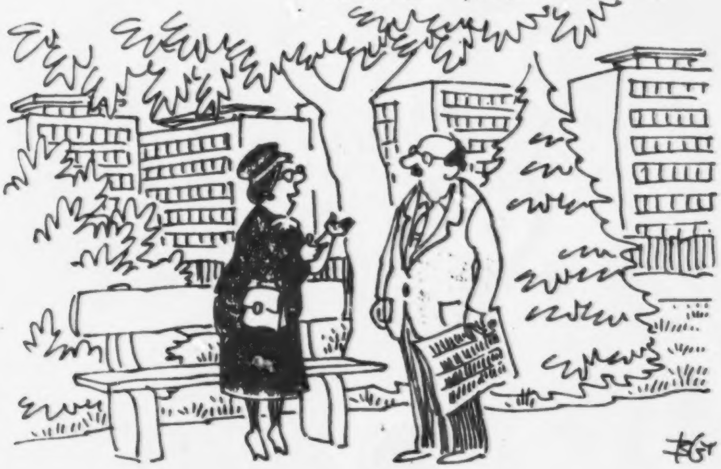


[This cartoon shows that industry finds words like innovation offensive because it cannot muster the resources to do so.]

INNOVATION, INNOVATION!*?

Budapest LUDAS MATYI in Hungarian 9 Jul 86

VILMA NÉNI /Aunt Wilma/

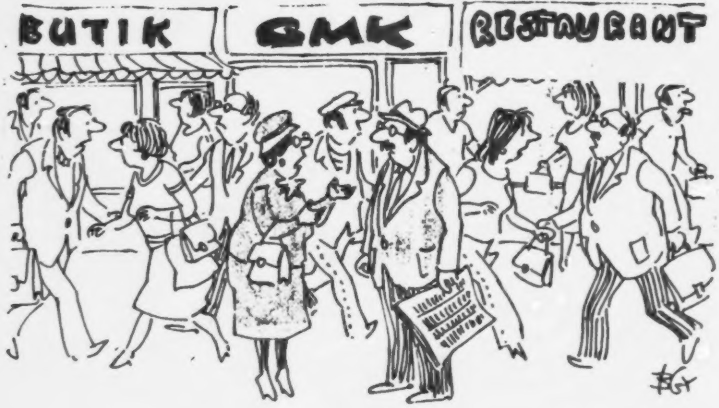


" I'm glad that the West is finally climbing out of its crisis, since we always follow them in a few years, you know."

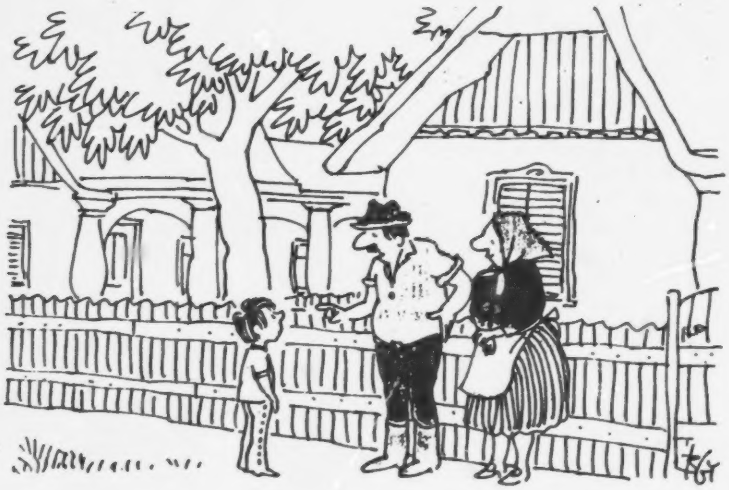
HERE AND NOW

[The reference is to Hungary's mixed economy and poor economic performance.]

VILMA NENI /Aunt Wilma/



"You know this third way is also full of pot holes."



[The reference is to the rivalry between industry and agriculture and agriculture's relative success in propping up the industrial sector with its agricultural export earnings.]

" And I'll have you know that your grandfather, the ironworker is also being supported by agriculture!"

/9365
CSO: 2500/394

FLAWS SEEN IN APPROACHES TO PERSONAL INCOME STATISTICS

Warsaw ZYCIE GOSPODARCZE in Polish No 26, 29 Jun 86 p 8

[Article by Marian Wisniewski: "Breakdown of Personal Income" subtitled "What is Marginal to Statistics and the Economy May Decide the Society's View of the Division into the Rich and Poor"]

[Text] The flaws in our income statistics are common knowledge that is not limited to economists. We have two sources of information about personal incomes, each employing a different income category. The first source is the macroeconomic statistical data that describe personal incomes in largely generalized terms that, to be sure, can be broken down into principal income categories, but cannot be linked to discrete types of households. Such statistics disclose a great deal about the overall and average income levels but reveal almost nothing about income differentiation. The other, microeconomic, source is the surveys of household budgets by the Main Office of Statistics (GUS). This is the sole nearly complete source of information on income differentiation in Poland. Its principal flaw is incomplete representativeness (10.5 percent of the population remained outside the scope of surveys in 1984) and consistent underreporting of income levels by households. A comparison of both sources reveals yet another flaw: macro- and microstatistics operate with different concepts of income and can hardly be reconciled.

The discrepancies between income assessments by macro- and microstatistics are a common occurrence, even in the countries in which samples of households surveyed are representative of the overall population. In Spain and Ireland the figures on income breakdown underestimate by one-third the overall incomes reported by macrostatistics; in France, this underestimation reaches 20 percent; in Great Britain, 13 percent; and in Sweden, 3 percent. Income everywhere is a factor that is neither conclusively measurable nor entirely objective (this concerns in particular its nonmonetary elements). It moreover is a matter which is not divulged in its totality, both by taxpayers and by poll respondents.

In such a situation, is it possible to construct a breakdown table of personal incomes for Poland as a whole? Of a certainty, such a breakdown cannot be estimated or determined in accordance with the connotation of the term. It can however be constructed by exploring the margins of statistics and compensating for the lack of quantitative information with observations of a qualitative nature.

Aggregate Personal Incomes

Let us begin by determining the overall amount of personal incomes comparable to household incomes. We will employ the category of personal incomes of the population, which in some respects is broader and in others narrower than the category of households. Complete consonance cannot be achieved, but it can be closely approached. The main difference reduces to different treatment of the part of collective consumption realized in natural form. Personal incomes do not include that part at all, whereas household budgets include a considerable part of services relating to culture, health care, social services, and sports and tourism. The value of these services should augment the value of personal incomes.

Another difference consists in the different treatment of periodic monetary transactions (bank credit, loans), which are not included in household incomes but are included in personal incomes.

When allowance is made for these two principal factors, the aggregate of personal incomes has to be increased by 324 billion zlotys in 1984 (107 billion zlotys in 1980) to a total of 5,523 billion zlotys (1,760 billion zlotys in 1980) or, in per capita terms, 12,527 zlotys monthly per Pole (versus 4,122 zlotys in 1980). It is thus possible to determine to a first approximation the overall extent of the income breakdown in question, which I will term the full breakdown.

When all the socioeconomic household categories surveyed by the GUS are taken together, it will be found that the mean income per person was 9,527 zlotys [monthly] in 1984 (3,083 zlotys in 1980), i.e., it was about 25 percent lower than its counterpart on the macro scale. After allowance is made for the incomplete representativeness of the sample surveyed, it ensues that the 10.5 percent of the population omitted by the GUS surveys accounted for 31.5 percent of the aggregate personal incomes in 1984 (in 1980 10.1 percent was omitted and it accounted for 30.4 percent). This finding requires at least two additional revisions: the first allows for underreporting of incomes by the households surveyed and the second for flaws in quantitative proportions among types of households in the GUS sample.

Is the aggregate incomes ceiling specified here credible? Viewed in terms of the concept of incomes in microeconomic statistics, some underestimation has to be taken into account. The first reason is the disregard of the consequences of the underground economy. If only monetary incomes are considered, redistributive consequences of the underground economy alone can be taken into account. This alters the breakdown structure but does not create any additional quantities on the macro scale.

Considered in broader terms, that is, in terms of the concepts as personal incomes and household incomes, allowance should be made for the unreported flow of consumer goods and services that either is not included in macro statistics or is taken into account under a separate rubric that is not included in the consumption fund. Part of this flow consists of goods handled within the underground economy alone (this concerns many agricultural produce), i.e., factors lying outside statistics on both outlays and end-effects. The other part concerns the flow of material values (goods and productive labor) from the official economy to the underground economy. Statistics record these values as part of production outlays; they thus represent the material cost of the generation of national income or are a component of national income, but they (e.g., building materials) are recorded as a component of the accumulation fund rather than of the consumption fund. Such transfers are intangible to statistics and augment the noncash incomes of the population as well as stimulate the redistribution of both noncash incomes and personal savings.

Another reason for the underestimation of the aggregate personal incomes is linked to the operation of wages as an instrument of economic regulation. In many countries, including the Western ones as well, the nonmonetary elements of wages are of major importance. In Poland, with its existing market disequilibrium and rationing of certain goods in demand (housing, passenger cars) there operates an elaborate system of nonmonetary emoluments which poses to statistics the subtle problem of evaluating them. Also intangible to statistics are the actual expenditures of enterprises on providing certain nonmonetary benefits to employees. ZYCIE WARSZAWY has in the past already published an article ("Several Misunderstandings," by K. Wisniewska, No 41, 1985) describing the marked proclivity of enterprises to avoid reporting part of the cost of the social, housing and other benefits they provide to their employees and to include it in their production cost. In this case we may speak of a concealed transfer of incomes from gross product, organized by labor establishments for the benefit of their employees.

Revising the macroeconomic size of incomes is a separate and tremendously complicated problem. For this reason I will assume here that the aforementioned aggregate of incomes is a valid level for the income breakdown being attempted in this article. This simplification should not result in any marked distortion, considering that both income categories (macro and micro) are affected to an equal extent by the underestimation mentioned above.

Correction for Household Incomes

Underestimation or underreporting is a classical problem of any income statistics and reports. Poll respondents behave very much like taxpayers who fill out income tax returns. It may be that they lack confidence in the privacy of statistical surveys or desire to avoid the vexations associated with a dilemma of conscience.

Since 1980 the GUS has been publishing not only findings of its own surveys of households but also reports on corrected levels of mean incomes in four socioeconomic household categories. In such corrections the principal factor is played by the most readily verifiable information on emoluments in the socialized sector of the economy, monetary social-service benefits, and monetary incomes from agricultural production. In addition, high conversion coefficients for "other incomes" also are employed, but, in view of their low importance, this correction is not significant. For 1984 the underreporting of incomes per person in worker households was estimated at 9.5 percent; in peasant households, at 8.9 percent; in worker-peasant households, at 7.3 percent; and in households of pensioners and annuitants, at 6.2 percent. Thus such corrections raise the mean level of incomes but do not alter their breakdown within discrete categories. It is thus recognized that the extent of underreporting is proportional to the height of income per household member. This means that, in terms of structural relations, household budgets are considered a credible source of information.

A major problem of any representative (sample) survey is the refusal of some respondents to participate. This is not an infrequent occurrence, and in some regions of the country (especially in large cities) it reaches as much as 50 percent of the random sample. The GUS resolves this problem by selecting substitute households of a similar composition, at least. This is not the best approach — others too display many flaws — but it is convenient, because it dispenses with the need to perform a second weighing of the findings in terms of disaggregated indicators of refusals. But one kind of correction is indispensable with respect to the samples surveyed by the GUS. Namely, the quantitative relations among persons belonging in category 4 do not correspond to population relations. In the GUS sample the worker population is explicitly overrepresented (by about 11 percent in 1984) and the worker-peasant population underrepresented (by about one-third in 1984). It is also indispensable to make an allowance for the overrepresentation of the peasant population by 8.2 percent and of the pensioner population by 6.5 percent.

The households surveyed by the GUS thus represent 89.5 percent of Poland's population (in 1984). The incomes of that group can be described with the aid of a breakdown which I will term here the raw breakdown, based on superposing the findings of household budget surveys on the four categories of the households. The other corrected type of breakdown makes an allowance for the underrreporting of incomes and the lack of consonance so far as population proportions are concerned.

It is worth noting that both types of corrections, while neutral with respect to the breakdown of incomes within the household categories to which they pertain, alter the breakdown of the overall sample of households by causing shifts in the structure of discrete subgroups. The overall effect is that of an insignificant increase in income differentiation, owing to the greater significance of peasant incomes, which are differentiated to a much greater extent than the incomes of the other groups. In 1984 the Gini concentration coefficient amounted to 0.362 for peasant households, 0.253 for worker-peasant households, 0.233 for worker households, and 0.215 for pensioner households.

What the GUS Does Not Investigate

The correction introduced results in an increase in the mean level of incomes per household member (see table). Now the macroeconomic analysis of incomes is as follows:

— In 1984 89.5 percent of the population had a combined income of 4,094 billion zlotys or 74.1 percent of the aggregate income of the entire population, which results in a mean income of 16,328 zlotys monthly per person. The omitted 10.5 percent of the population had a combined income of 1,429 billion zlotys or 25.9 percent of aggregate income, with a mean of 30,684 zlotys monthly per person.

— In 1980 89.9 percent of the population disposed of 1,315 billion zlotys or 74.7 percent of the aggregate income of the population, with a mean monthly income of 3,426 zlotys per person. The remaining 10.1 percent of the population had an income of 445 billion zlotys or 25.3 percent of aggregate population income, or a mean monthly income of 10,311 zlotys per person.

It is worth noting that these figures encompass both monetary and nonmonetary incomes, in accordance with the convention followed in family budget studies.

The main problem now is how to incorporate in the corrected breakdown of incomes the population group that was omitted in the GUS surveys. This is in every respect an inhomogeneous group. Partially it consists of the households of persons linked to the state sector (Ministry of National Defense, Ministry of Internal Affairs, party-state apparatus), but the greater part is represented by the households of self-employed persons other than farmers (crafts, truck gardening, trade, services). It also includes so-called collective households (e.g., inmates of welfare and retirement homes), and lastly the socially and culturally non-integrated segments of the population known by the appellation of the socially marginal.

It is usually thought that the entire group omitted by the GUS surveys represents the extremes of poverty and wealth in Poland. This is a somewhat simplified notion. The social composition of that group warrants the hypothesis that a considerable part of its members derive high incomes which, though, are not high enough to be considered extremal in comparison with the incomes of the households surveyed by the GUS and represent as it were the 10th decile group in relation to those surveys. It is only within the remaining smaller part that we find the extreme top margin of high incomes, such as are hardly ever recorded in surveys of family budgets.

As regards the bottom end of the breakdown, poverty should be distinguished as an economic and a cultural phenomenon. In the former meaning of the word, which concerns low incomes and the resulting unavoidable abnegations, we are dealing with cases which are fairly numerously (or sufficiently numerously?) represented in surveys of household budgets. The lowest of the incomes recorded within that category are as much as two-thirds below the incomes considered by the GUS as low incomes. On the other hand, if we consider poverty as an occurrence on par with crime and social pathology, e.g., the poverty of the families of alcoholics, the level of incomes is not at all an indicator of a particular situation of this category. Viewed from the standpoint of their material living conditions such families may be considered in the poverty category, but viewed from the standpoint of their income levels, most often they are not included in that category.

Poverty as a kind of subculture was analyzed by H. Goralska in her work on the social minimum (PiSS, Warsaw, 1986). A special feature of these incomes is their irregularity as well as, often, illegality, and above all the manner in which they are spent. Precisely in view of their cultural separateness, the inclusion of such groups in any part of the breakdown of incomes is hardly justifiable.

Premises for a Full Breakdown

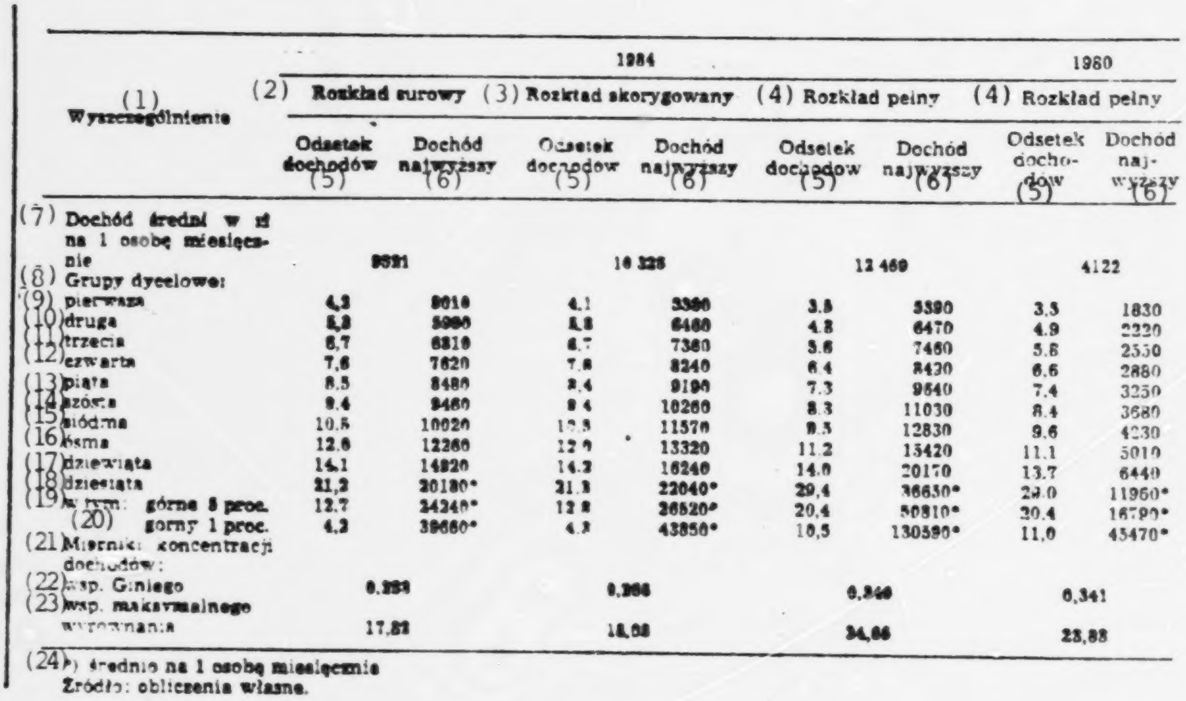
Allowing for all this, the following hypothesis about the breakdown of incomes of the segment of population omitted by the GUS can be advanced: one-third of that group has an income level similar to that of the population surveyed and hence also its breakdown resembles the corrected breakdown. The second one-third consists of persons with high incomes in the sense in which this definition is applied to the households surveyed by the GUS. The incomes of this second one-third lie at the level of the 10th decile group of the corrected breakdown (averaging 22,050 zlotys [monthly] per person in 1984 and 6,775 zlotys in 1980). The last one-third represents the extreme of high incomes in this country accounting for the entire remaining part of incomes. The average income per person in that group was 59,720 zlotys monthly in 1984 and 20,755 zlotys in 1980.

Given the above assumptions, the corrected breakdown can be converted to a full breakdown covering the entire population of the country. Figures characterizing this breakdown are presented in the table below. Noteworthy is the marked rise in income differentiation now that the omitted part of the population is taken into account. This is due not to the hypothesis adopted here (division into three subgroups) but, above all, to the fact that 10 percent of the population accounts for 25 percent of all incomes. The most egalitarian result would be produced by the assumption that the entire omitted group is homogeneous and represents the extreme of high incomes. But this conflicts with actual observations. As adopted here, the stratification of the group in question (1/3 + 1/3 + 1/3) provides a relatively mild version of income differentiation. Narrowing the numerical size of the subgroup responsible for the extreme of high incomes) results in a further rise in concentration. For example, the breakdown variant (1/2 + 1/4 + 1/4) yields a Gini coefficient of 0.359.

Is the Differentiation Great or Small?

It should be considered great. When measured by the Gini coefficient, it is greater than in the Scandinavian countries (Sweden 0.221) or Great Britain (0.27) and close to the situation in France, Spain, the FRG or... the Polish countryside! To some degree this is an obvious consequence of the pluralism of our economic life in which foreign influence is a factor, too, as we should bear in mind. A person who spends in Poland one or several thousand American dollars brought into the country -- and each year the number of such persons, linked to both the state and the private sectors, is growing -- is immediately ranked in the top percentile section of the breakdown of personal incomes. This fact demonstrates that the division into surveyed and omitted population groups is somewhat artificial, and that the social composition of the top income group is much more varied. Worker households also happen to include some lying outside the income limits noted by the GUS, e.g., in the upper percentile of the comprehensive breakdown. In 1984 that upper percentile commenced somewhat above the level of 40,000 zlotys monthly per person, with

Personal Income Distribution in Poland



(1) Wyszczególnienie	1984						1980	
	(2) Rozkład surowy		(3) Rozkład skorygowany		(4) Rozkład pełny		(4) Rozkład pełny	
	Odsetek dochodów (5)	Dochód najwyższy (6)	Odsetek dochodów (5)	Dochód najwyższy (6)	Odsetek dochodów (5)	Dochód najwyższy (6)	Odsetek dochodów (5)	Dochód najwyższy (6)
(7) Dochód średni w zł na 1 osobę miesięcznie	9531		10 326		12 460		4122	
(8) Grupy decylowe:								
(9) pierwsza	4,3	5010	4.1	5390	3.5	5390	3,5	1830
(10) druga	5,3	5990	5.8	6400	4.8	6470	4.9	2220
(11) trzecia	6,7	6810	6.7	7360	5.6	7460	5.6	2550
(12) czwarta	7,6	7620	7.6	8240	6.4	8430	6.6	2880
(13) piąta	8.5	8480	8.4	9190	7.3	9640	7.4	3250
(14) szósta	9.4	9460	9.4	10260	8.3	11030	8.4	3680
(15) siódma	10.5	10020	10.5	11570	9.5	12830	9.6	4230
(16) ósma	12.6	12260	12.9	13320	11.2	15420	11.1	5010
(17) dziewiąta	14.1	14820	14.3	16240	14.0	20170	13.7	6440
(18) dziesiąta	21,2	20180*	21.3	22040*	29,4	36650*	29.0	11960*
(19) w tym: górne 5 proc.	12.7	24240*	12.8	26520*	20,4	50810*	20.4	16790*
(20) górny 1 proc.	4,2	39660*	4.3	43850*	10,5	130590*	11,0	45470*
(21) Mierniki koncentracji dochodów:								
(22) wsp. Giniego	0,253		0,266		0,340		0,341	
(23) wsp. maksymalnego wyrównania	17,82		18,08		34,66		23,88	

(24) *) średnio na 1 osobę miesięcznie
Źródło: obliczenia własne.

Key: 1. Subject; 2. Raw Breakdown; 3. Corrected Breakdown; 4. Full Breakdown; 5. % of Incomes; 6. Top Income; 7. Mean income in zlotys per person monthly; 8. Decile groups; 9. First; 10. Second; 11. third; 12.Fourth; 13. Fifth; 14. Sixth; 15. Seventh; 16. Eighth; 17. Ninth; 19. Tenth; 19. Of which: Top 8 percent; 20. Top 1 percent; 21. Yardsticks of concentration of incomes; 22. Gini coefficient; 23. Coefficient of maximum equalization; 24. Mean per person monthly, Source: Own calculations the mean monthly income amounting to 130,000 zlotys. Thus, an abyss separating not just 1 percent but several thousandths of a percent from the entire remaining population is rapidly beginning to yawn.

It is worth noting that, in the breakdown presented, the question of substantial income differences reduces chiefly to the differences between the upper 1 percent of the population and the remaining 99 percent. Relatively moderate differentiation within that 99 percent as well as the tremendous distance isolating it from the top percent are possible. To statistics this represents a marked differentiation due to a marginal effect that lies practically beyond the bounds of statistics. To the economy, the direct consequences, whether positive or negative, of this differentiation may also be marginal, in view of the minimal economic potential of that 1-percent population group. But to social awareness this may be a fact defining its view of the entire society and the entire economy.

Another factor to be considered when evaluating the differentiation of incomes is the time dimension of that differentiation, or the income mobility of the population. The stability of the composition of the upper percentile, the duration of belonging to that elite group, is of major significance to the social consequences of strong income differentiation. If allowance is made for a major reason for belonging in that group, namely, trips abroad for purpose of gainful employment, considerable rotation of membership in the upper limit of the range can be expected. But as for persons who derive high incomes from self-employed activity, once they enter that top group, their chances to remain in it for many successive years are high.

Consonant with this appraisal, the concentration of personal incomes for the population as a whole increased only insignificantly between 1980 and 1984. But this would conflict with the perception of material differences by the man in the street in the last few years. It may be that social awareness perceives not so much a growth in the relative differentiation of incomes as rather a narrowing of the mobility paths linking the group with elite incomes to the remainder of the population.

1386
CSO: 2600/544

ECONOMIST CASTIGATES GOVERNMENT AGRARIAN POLICY

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 30 Jun 86 pp 25-26

[Article by Dragan Veselinov]

[Excerpts] Certain points which the government has emphasized in recent statements indicate that it is prepared to open itself to some modern ideas in waging agrarian policy. It seems that it is also the first Yugoslav government which has publicly questioned the maximum land area [permitted private farmers]. It has done this cautiously.

Yugoslav agriculture expects far more reforms than a specific settlement on the question of maximum land ownership. Most of our questions arise from the mistakes resulting from a science paralyzed by ideology, a hatred for money, inflexible regional relations between industry and agriculture, the guaranteed consumer dominance of the urban [over the rural] population, the collapse of the cooperative system in the vital agrarian areas of Yugoslavia, and the failure of the state to be the promoter of modern European agrarian reform.

This has resulted in depressed prices for agriculture, meager investment, credit uncertainty, a reactionary land policy, forced de-agrarianization, a vague tax policy, and political localism in agricultural planning, which had led to a fall in the rate of agrarian growth and a decline in the rate of agricultural exports. In regard to the latter, 22 percent less livestock was exported in January-April 1986 period than at the same time last year. Exports to the convertible area fell 10 percent, and those to the clearing-account area, 98 percent! Because of the Chernobyl contamination of "heads" in the EEC, exports to the convertible area will fall even more in May. In contrast to this, we are importing meat, processed meat, and milk at "dumping" prices.

If we disregard the record results of 1984 [which was an exception]..., then meat production in 1985 increased 3.3 percent over 1983, but this was the result of a physical trend that was not accompanied by a stimulative monetary effect.

The prices for agricultural products as a whole have been growing at an annual rate of 44 percent, while industrial prices grew at a rate of 57 percent, and prices for agricultural producer goods increased 56 percent (valid for 1984).

Agricultural revenue in 1985 increased 15.3 percent more slowly than that for the rest of the economy, and 26 percent more slowly than revenue for industry. At the same time agriculture was investing 15 percent faster in its production capital than its revenue was increasing.

Interest payments increased so fast that they took 45 percent out of agricultural income; for the livestock-raising sector only 10 percent of its income was left after interest payments were made.

Capital accumulation for agriculture grew 55 percent more slowly than that for industry and 62 percent more slowly than that for the economy as a whole.

Why, let us say, does the government not offer a plan in which it clearly says whether it would or would not be of benefit for Yugoslavia to be included in the European Economic Community's agrarian policy? If we are already in the International Monetary Fund and as a result are obligated to take into consideration its concept of monetary policy, perhaps it would be good if we now ask also about the European concept of agrarian policy.

Our government has complained that without clarifying ideological controversies a successful way out of the crisis cannot be expected in Yugoslavia. This is completely correct and this will be extremely unpleasant for this country, because it will have to create a balance of ideological currents since it has too little power to be able to either neutralize them or represent only one of them.

In the past decades, agrarian policy has for the most part been a collection of various self-deceptions, fetishes, and unprofessional recommendations.

In one of the last speeches of the government it was said that average yields on private farms were lower than those on combines (in its terminology these are the ""socialized sector"), and that the high yields of those farms which participate in [state-sponsored] competition show what large reserves are hidden in agriculture. The government thinks that, because of this, one should expand competitions and the "movement for increasing yields." This method of thinking is useless for economy. Because, first, the essential thing for agrarian policy is: into what kind of farming can it [the government] put its capital where it will get optimum cost-effective results. It is correct that agricultural combines have higher yields than the average private farm but they do not have higher yields than private farms that are operating very well, while in general their production costs are higher than private farms, their losses are higher, and they have all kinds of permanent state help in overcoming these losses.

If the government wants to understand this message, then let it be known: that well-operating private farms in Yugoslavia produce more, and they produce it more cheaply, than agricultural combines. This means that everywhere in Europe the large farm estates have failed, for which classic Marxist political economy predicted a future. They have increased production, but [only] on the basis of the capital accumulation the state has withheld from private farming and along with subsidies which [Western] Europe does not even consider giving to farmers. We have nourished a state mistake.

Second, agriculture is not some kind of competitive sport, but a state business. Agriculture is a larger business than industry in the United States; the agrarian credit bank in Holland is the most powerful bank in that country. If our government wants to promote agriculture in the spirit of the Olymics, then it will be threatened with the danger of quickly losing the characteristics which make it possible to latch on to the winning medals. The socialist concept has no idea about competition...as a means of achieving socialism, while a commodity economy does not understand economy except as the competition of capital and personal market capabilities.

We believe that for agriculture the order of priorities should be: 1. prices; 2. credits and investment; 3. land and ownership relations; 4. tax policy, and 5. exports. And then also the following order [or priorities]: 1. the farmer; 2. cooperatives; 3. combines; and 4. state functions.

/6662
CSO: 2800/330

MONTH-LONG RAINS EXPECTED TO REDUCE WHEAT HARVEST

[Editorial Report] According to Belgrade BORBA in Serbo-Croatian of 26-27 July 1986, page 3 has been the longest wheat harvesting period in Yugoslavia in the last three decades; and after more than a month of work under conditions of excessive rainfall only a little more than one-half of the fields have been harvested. The latest data from the Federal Committee for Agriculture indicates that since 21 June when harvesting started on a total of 1,346,000 hectares, 2,828,000 tons of wheat have been harvested, of which about 2,100,000 tons have been stored in silos. The harvesting has been completed only in the Province of Vojvodina where 1.4 million tons have been harvested from the 285,000 hectares planted. But the situation in other areas, especially Serbia proper, is considerably more difficult and it is now certain that neither the harvest nor procurement plans will be met. In Slovnia the harvesting has just begun. A report in Belgrade PRIVREDNI PREGLED in Serbo-Croatian of 26-28 July, page 1, estimates the harvest at less than 4.5 million tons.

The 1986 wheat production plan called for 5,039,000 tons, with the top producers being: Vojvodina (1,424,000 tons), Serbia (1,327,000 tons), and Croatia (1,194,000 tons), Zagreb DANAS in Serbo-Croatian of 1 July 1986, page 14.

Fortunately, BORBA says, harvesting has been completed in Vojvodina and in the productive area of Slavonia and Baranja in Croatia (where 640,294 tons of wheat have been harvested from 123,427 hectares planted, according to BORBA of 29 July 1986, page 1. But in Serbia "rain damage will certainly be large, especially in areas of South Serbia where the rivers have overflowed and fields are flooded."

According to a report in the 24 JUly 1986 issue of PRIVREDNI PREGLED, page 2, the Serbian Assembly Executive Council voted relief measures for agricultural areas damaged by rains. It said less than half the wheat crop has been harvested in the republic and the quality has been reduced such that in some places it is unfit for either human or animal consumption. "About 36,000 hectares are under water in the basins of the Juzna Morava, Timok, and Velika Morava rivers; and flooding has almost destroyed the corn crop in hilly areas."

Assuming that damaging rainfalls have reduced wheat production by 300 to 500 kilograms per hectare, BORBA says "it is now certain that this year's harvest will be about 670,000 tons less,..." but in any case "a certain amount of wheat will have to be imported for human consumption."

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CSO: 2800/332

BRIEFS

CROATIAN WHEAT, PROCUREMENT--In Croatia 94.4 percent of the wheat crop has been harvested with yields averaging 4.04 tons per hectare and a total harvest expected of 1.074 million tons (compared to the planned production of 1.119 million tons). In regard to country-wide procurement, thus far 2.7 million tons have been bought up or 83 percent of the plan. [Excerpt] [Belgrade BORBA in Serbo-Croatian 31 Jul 86 p 1] /6662

CSO: 2800/332

FRG JOURNALIST REPORTS ON VISIT TO GDR TROOPS

Hamburg DIE ZEIT in German 27 Jun 86 p 13

[Article by Theo Sommer from feature series, "Trip to the Other Germany": "Visit to the People's Army; Would Germans Shoot at Germans?"]

[Text] The jeep of the National People's Army waits on the rain-wet Lehnitz-Oranienburg autobahn exit 50 kilometers north of Berlin. A sturdy young officer presents himself as the guide to the barracks of the Rudolf Gyptner Regiment. The quarters are rather new and appear to be well polished. The parking lot immediately behind the barracks gate is empty. There is no sign of duty operations; they appear to be taking place somewhere else.

Our vehicle column stops in front of the club building of the Lehnitz artillery regiment. Five colonels and lieutenant colonels welcome me in friendly self-consciousness--a feeling that I share completely. They know that I was once in charge of the planning staff in the Federal Defense Ministry; I know that I am the first West German journalist that the People's Army has allowed to visit totally officially. The gentlemen introduce themselves before we go up to the tradition room: deputy division commander; party secretary; head of the political section; a gray-haired veteran, who has been involved from the beginning--30 years. Col Jochen Michel, the speaker of the Defense Ministry, has also come. He has brought along his secretary, who takes the conversation down in shorthand. The regiment commander, a slender pensive type, is named Are-Lallement.

If it were not for the light blue uniform jackets, the shoulder straps of the Wehrmacht that have become very foreign to us West Germans, and the unfamiliar decorations and medals, I could easily imagine that I was with the Bundeswehr in Neumuenster or Sigmaringen. In any case, I recognized them all: the rock-hard trooper, the desk officer, the intellectual, and the man responsible for internal control, pardon: for the political section. The military is the military everywhere and soldiers are soldiers. And tradition rooms are tradition rooms. Flags and pennants; models of weapons and war materiel; glass cases with cups and memorabilia, documents, and photos of maneuvers and allies.

Except that in the case of the regiment in Lehnitz it is not our allies, not Americans but Soviets, not a Belgian brigade but the Warsaw artillery regiment. And, of course, another tradition is being cultivated. Scharnhorst and Gneisenau, to be sure, but otherwise nothing from Prussia's glory, nothing from the time of the Reichswehr, and certainly nothing from Hitler's Wehrmacht. Decorations from World War II? "We have never yet worn them," says Lt Col Hill, the man of the first hour. "Not even without the swastika?" "Never yet!"

Notes on the maintaining of tradition in the National People's Army lie in front of the regiment commander Are-Lallement between the coffee service and the pastry plates. "It is part of the entire training work," he says. "It serves in providing motivation with respect to the class mission of our army; it is the preservation of the tradition of the fight against fascism and war. The swearing in of our young soldiers takes place twice annually in the national memorial site at Sachsenhausen with a large public participation. The remembering of the fact that 100,000 people were killed there by the fascists causes many members of the army to grasp their weapons more firmly. The progressive objective of the National People's Army becomes clear in the swearing-in ceremony."

In the GDR, they usually say "objective" [Zielstellung] where we say "goal" [Zielsetzung]. I ask myself whether that is significant semantically: one establishes [setzt] goals for himself and they are set [gestellt] for someone and therein is the difference between self-realization and determination by others. I also ask myself whether the wiry lieutenant colonel is familiar with Helga Schubert's story, "Air for Life," the story of how her son was drafted into the People's Army and sworn in in Sachsenhausen:

"On a Thursday at 12 noon, when he became 19, we brought him to the army: his father, his girl friend and I.... His swearing-in was 10 days later at a memorial. They were all wearing steel helmets and their faces were pale. The way to the memorial led over the cemetery, past the graves on the way out and past the graves on the way back. The women who raked the graves.... How handsome he looks in his uniform, said his girl friend to me quietly. Of all those here, she is most suited to him, is she not? He stood there tall and slender. With serious gray eyes. He looked at his parents, his girl at his side, and said with a smile: You did not even notice that I was an honor soldier. I had to bring up the flag. We had to practice that quite a lot. A German soldier, I thought. I have a child who is a German soldier. My father was only 9 years older when he died as a German soldier."

Are-Lallement, two golden stars on the braided shoulder straps, serious and his countenance a little strained, says: "It is generally one of our goals in the tradition work to keep alive the memory of the suffering of the people." A Bundeswehr officer could put it the same way. "Our most important task is to carry our weapons so that that does not happen again." He explains who Rudolf Gyptner is, after whom the regiment has been named since 1 March 1967: son of a German communist of long standing and a Resistance fighter who fell as a partisan in the forests of Poland at the age of 21. "We honor our revolutionary model in meetings and by carrying out a Rudolf Gyptner memorial run every year."

The People's Army is an alliance army, as is the Bundeswehr. "The entire training of the general staff takes place in the Soviet Union," I learn in passing. The National People's Army exercises much with its allies. One of the gentlemen adds: "The pride that I feel when I see the young people in exercises and competition with their partners in arms fills my heart and soul."

Competition and contests play a large role in the daily life of the People's Army. "A company calls for socialist competition. The performance of this company then becomes the standard." Judged are the political-moral status, the state of training, success in sports, the "achievement of military awards," and the number of marksmanship cords. "It is thereby a matter of strengthening the military combat team. The matter is stimulated intellectually and materially." Put simply, the soldier gets something out of it. For a classification decoration that awards "especially good mastery of combat equipment, there is an extra 300 to 500 marks rather than just a piece of tinsel for the decorations bar.

Meanwhile, the rain has subsided. We drive out to the firing range. A mist lies over the extensive terrain: brown heath surrounded by local pines. The range has tradition, as is the case for many locations in the GDR. The military was always at home all round Berlin--Jueterbog, Nauen, Strausberg, Zossen. An hour's drive farther to the north lies Eggesin, where many of the 174,000 soldiers of the People's Army complete their basic training when they go "to the colors" for 18 months (just as their West German contemporaries go "to the federation"). "Grave of my youth" is what the young people call the training area opposite Pomerania, confided to me a Berlin woman whose son was there. "Things are not half so bad," commented the deputy division commander in Lehnitz with an indulgent smile.

Things at the firing range are not so different from the situation in the Bundeswehr. "Hit the target with the first shot," is the motto. Just in front is a poster saying: "High combat readiness is the product of our action." The Bundeswehr has long advertised: "We produce security."

Four guns of caliber 122 mm have gone into position. Subdued commands. Yellow and red warning flags; piles of ammunition cases; gunners doing double time and sweaty faces under the flat helmet of the People's Army--a cartridge weighs 48 kilograms. Load, aim, set fuze, and fire, range 800 meters. There is a tremendous bang. Powder smoke drifts over the heath. The colossal training chief, a forage cap covering his immense bald skull, watches like a hawk.

A conversation in passing. "Do your soldiers complain about loafing on duty?" "That is not their expression but they know about it. They prefer to fire their weapons than to have to clean equipment."

What do they think about the Bundeswehr? "You know," says Lt Col Are-Lallement, "when I see the photograph of a Bundeswehr soldier, I always ask myself what is going on under the helmet." "You know," I say, "that is the same question that our officers ask themselves when they see the photograph of a soldier of the National People's Army...."

The exercise is over. The gunners put on fatigue uniforms. Two dozen of them gather together before mountains of sandwiches in the nearby duty building for the discussion with the West German journalist. The soldiers, privates, noncommissioned officers and the battery commander are all good types: fresh, alert, articulate, slender, good-looking faces. The men from the staff are also there.

"What, then, is national about the National People's Army?"

"We see ourselves as part of the people," one of them says.

"They try to make us believe that the German nation is a whole," adds the battery commander. "I personally do not believe that. Completely different people have drawn the final line. We have a different culture and different production relations. Our people have a totally different view of life."

"Do you also discuss," I inquire, "the question that is often discussed in the Bundeswehr: Would Germans shoot at Germans if things come to a head?"

One of the staff officers answers: "The Federal Republic is a partner in NATO and we are allies in the Warsaw Pact. In case of war, two different states and two different social orders oppose one another. Our mission is to prevent a war and, if it does occur, to end it as soon as possible. If the Bundeswehr were to intervene, we naturally would take up our arms."

A private comes forward: "Members of the FDJ are still being pulled out of the trains in the FRG. Borders are being put into question, as in the meeting of the Silesians. For what interests is the Bundeswehr soldier really fighting?"

A colonel pursues the question: "What continually stirs our comrades"--they call each other comrades in the People's Army as well--"is this: the FRG plays an extremely important role in NATO. But it is in the lead in chemical weapons. It manifests the conviction that there must be no more wars that start from German soil but it is not taking any practical steps."

The old veteran completes the list of complaints: The Federal Republic has approved of SDI unconditionally; it has supported the American state terrorism against Libya; on account of Chernobyl, it unleashed a mass psychosis for specious reasons; it has been a long time since there have been such unabashed "meetings of revanchists" as in Munich and Essen; why does the Federal Government not say to the Americans: Stop the testing of nuclear weapons. Our people do not understand it.

I try to reply, saying that SED has heretofore been only a research project; that we did not exactly applaud the bombs over Libya, on the contrary; that the meetings of the regional groups are essentially meetings of people with the same homeland, in which old acquaintenances can again share a glass together; finally, that the scaremongering about Chernobyl is probably attributable to the Soviet information policy and not to the Federal Government--why, after all, should it stir up nuclear fear when it advocates nuclear energy?

The sandwiches have not yet been touched. Everyone is waiting for the deputy division commander to take one, whereas he is waiting for his guest to take the lead. Caught up in the conversation, I have completely forgotten about them. I bet that the trays were cleaned out within 5 minutes after we left the room.

On the way to the car, the deputy division commander wants to know how we stand on the demands Erich Honecker made in Gera. We then talk about enemy images and I ask about the "training in hate" as is it practiced in the People's Army. I am advised that "there is no training in hate."

Lt Col Are-Lallement returns to the question of whether Germans would shoot at Germans: "We have nothing against the individual person in the FRG. But the moment that he reaches for his weapon he becomes an enemy, whether he is an uncle or not. If I do not shoot at him, he will certainly shoot at my comrade in arms next to me...."

It is the official answer that is also given in a similar formulation in the Bundeswehr, although with reversed premises. In the car on the way back to Berlin from Lehnitz, absorbed in the contemplation of two classification decorations and a silver marksmanship cord presented to me in farewell by the deputy division commander, I ask myself whether this official answer actually describes what really would happen if it were to come to the worst.

Probably no one--neither here nor there--can be quite certain.

9746
CSO: 2300/441

FRG COMMENTATOR ASSESSES SED CONGRESS, HONECKER'S FUTURE

Cologne DEUTSCHLAND ARCHIV in German Vol 19 No 6, Jun 86 (signed to press 24 May 86) pp 561-564

[Article by Dr Peter Jochen Winters, head of the Berlin editorial staff for the FRANKFURTER ALLGEMEINE: "The Honecker Era Is Coming to an End"]

[Text] Seen on the surface, the 11th SED Congress--unlike the preceding 27th CPSU Congress--was not a turning point. Since the 8th SED Congress in June 1971 immediately after Honecker became party chief, there have been no appreciable changes either in the political foundations or in the style of the party congresses of the "leading force" in the GDR. Nevertheless, the GDR after the 11th SED Congress is no longer the same as it was before. That has to do primarily with the fact that Mikhail Gorbachev was at the party congress in the GDR for 7 long days. It was clear to anyone who as an eye- and earwitness was able to follow at least part of this visit and saw Gorbachev and Honecker side by side that the end of the Honecker era has begun with the 11th SED Congress. Erich Honecker will be 74 years old on 25 August of this year. The 11th SED Congress, in which the newly-elected Central Committee again choose him as general secretary, was certainly the last one for him to experience in this office. When the 12th SED Congress takes place, Honecker will be 79 years old. Someone else will then be leading the SED, will be number one in the GDR. To be sure, observers could figure that out even before. But only a few thought about it. After all, everyone was in agreement that right now Honecker is probably at the peak of his power. His policy of the "unity of economic and social policy" domestically and his striving for dialogue and a return to detente in foreign policy despite worsening relations between the superpowers had not been without success in recent years and did not appear to have any serious opponents either within his own party or in Moscow. The SED general secretary appeared to be fresh, active and alert and seemed to be "all there," so to speak. No one wanted to believe the age of this agile politician; his state of health seemed to be excellent and his capacity for work undiminished.

But then came Mikhail Gorbachev, the 55-year-old general secretary of the CPSU, who had just ordered a turnaround for his country and his cumbersome party and now wanted to develop his own picture of the GDR and the fraternal party led by Honecker. Next to Gorbachev, Honecker suddenly looks like an old man, someone who is already far beyond 70 and the pensionable age. The longer one was able to observe the two general secretaries side by side, hear what and how they spoke in public, see how they reacted to the reports and proceedings in the party congress plenum, and perceive the play of their features, their gestures and behavior toward one another, the clearer it became that here a dynamic Kremlin leader who is convinced of the practicality of his ideas, wants to push forward, is self-willed and tolerates no opposition, and is very much aware of his own power had encountered an old and rigid SED chief who is averse to any experiments and proud of his own successes and therefore not prepared to make any changes or any compromises but seeks to preserve what has been achieved. The repeated demonstrative exchanges of fraternal kisses by the two could hardly conceal the fact that here two men faced one another, each of whom was convinced in a different way of the correctness of his path. But one was turned toward the future, while the other was bound to the past.

The praise that the general secretary of the CPSU expressed to the SED for what has been accomplished heretofore was brief and unemotional. Honecker waited in vain for the head of the Kremlin to express clearly here before the SED Party Congress that what the Soviet Union is seeking in the area of the economy, science and technology has already been achieved in the GDR. Gorbachev dispensed with extolling the GDR--or even Honecker himself--as a model. On the contrary, he dealt a blow to Honecker's self-assurance and self-righteousness when he declared to the forum of the party congress (Footnote) (NEUES DEUTSCHLAND, 19 April 1986, printed in this issue, beginning at p 652) that he was in favor of self-criticism, saying: "Marx and Engels taught that a critical attitude toward one's own work is an indispensable condition for the success of a revolutionary party." With all of the caution that characterizes him, Honecker has never yet revealed a critical attitude toward his own work. Gorbachev had come to commit the GDR to a substantially greater participation in the economic development being sought for the Soviet Union: "And that not by one or two graduation marks but, as the mathematicians say, by an entire magnitude" and to reestablish close limits to Honecker's Germany policy: "One cannot discern any logic in the policies of the FRG." He met a Honecker who probably perceives such demands as unreasonable and follows them only very reluctantly and under compulsion. Thus the assumption is not out of place that Honecker could soon be in the same position relative to Gorbachev as Ulbricht was relative to Brezhnev. Ulbricht praised his policies in the GDR as exemplary for the Soviet Union as well and thereby referred to Lenin, whom he had known, and tried his best in his foreign policy to hinder the policy of detente begun by Brezhnev that Ulbricht was convinced would be at the expense of the GDR. Ulbricht's end came quickly. In May 1971, under Soviet pressure, he had to step down and nominate Honecker, whom he had built up as his successor but who now promised to carry out Brezhnev's policies without contradiction, as the new SED chief.

But Gorbachev's visit in the GDR has not merely suddenly made clear tensions and possible areas of conflict between the two general secretaries. It has also made it clear not only to observers but also to officials and members of the SED that the style of leadership and the manner in which the SED party congresses take place are no longer up-to-date. For 5 days at the SED Party Congress, prepared reports were read, from which one had the impression that almost all of them were written in one and the same agitation center. All "discussion speakers" began by reporting on the successes to date--there have, accordingly, not been any failures anywhere--and then they praised the party leadership to the skies for its wonderful policies. They ended with the promise to do more and to perform even better in the future than heretofore. Whereas in the case of the SED the fulsome praise of the leadership and its own performance nips in the bud any disposition toward constructive criticism, the need for reports of success clouds the view of realities, and the pitiless disclosure of abuses is seen as opposition so that instead secretiveness flourishes and traditional maxims are not questioned, Gorbachev in the Soviet Union has declared openness and reasonableness to be the dominant maxim of internal party discussion. Problems and shortcomings are to be discussed bluntly and publicly there. Weaknesses, bottlenecks and negative phenomena are to be called by name, incompetent officials called to account, and criticism and self-criticism exercised.

Gorbachev obviously also does not care for the Byzantinism still prevalent in the GDR. In his arrival in East Berlin, there was not the usual contingent of hundreds of thousands of East Berliners lining the streets along the 30-kilometer route between Schoenefeld Airport and the residence at Niederschoenhausen Castle. The guest from Moscow obviously does not like to be cheered by furnished claqueurs. Assumably he regrets the lost working time of so many people in such shows. Most East Berliners did not find out that the Soviet general secretary of the Communist Party was in their city until evening on television. Gorbachev passed through the streets quickly and without causing a stir. On the way to Niederschoenhausen, he stopped at the Lenin monument and at the new Thaelmann Park. There, as in his tour of the city on the afternoon of the day of his arrival and in visits to institutes and enterprises during his stay, it became clear that the Kremlin boss wants to form his own picture of the GDR and of the life and work of "his" Germans. He sought spontaneous contact with the populace and avoided, to the extent possible, conversations with those who had obviously been prepared to tell the general secretary from Moscow what the general secretary of the SED would like to hear. During such opportunities, Gorbachev cheerfully and directly showed how he fancies the encounter with the people and thus revealed the style that clearly distinguishes this CPSU general secretary from his predecessors and from his host in the GDR.

Gorbachev's bearing at the Soviet party congress in Moscow and during his stay in the GDR has awakened hopes above all among the younger officials and members of the SED as well as among people in the GDR who would not vote for the SED under free elections that there can be some changes in the GDR, that the incrusted structures of the control of the political bureaucracy can be opened up, and that democratic socialism could develop that is characterized by more openness and honesty. A Soviet Communist Party general secretary as the hope for forces in the GDR willing to carry out reforms is something completely new. But the standing that Borbachev had gained in these circles in the GDR suffered substantially a little later. The reactor disaster at Chernobyl and the public reactions of the Soviet Union to it, and not least Gorbachev's several weeks of silence, have been sobering for many in the GDR.

Prior to the 11th SED Congress, the observers in East Berlin were reasonably certain that 49-year-old Egon Krenz, whom Honecker had systematically developed as his successor, will indeed succeed Honecker. After the party congress, that is not so certain. A few weeks after the event, even the zealous observer of the 11th SED Congress can no longer say whether Krenz, as a delegate to the party congress, gave a "discussion speech" or not. (A look at the congress bulletins shows that Egon Krenz spoke only as a reporter of the mandate review board). In other ways as well, Krenz has not yet been successful in presenting himself as the future general secretary. But that does not necessary mean a lot when one considers Honecker's own career. More important is whether Honecker's designee suits the Moscow Communist Party chief and "is broadcasting on the same wave length" with him. To the extent that it could be determined during Gorbachev's visit to East Berlin, there is no sign of any particular sympathy between the two men. In any case, Gorbachev avoided distinguishing Krenz before the other members of the Politburo through any special favors. It seemed almost as though he really did not know what to do with this man, who politically must appear to him to be a creation of Honecker. This is presumably not changed much by the fact that Krenz' wife was the honorable escort of Raissa Gorbacheva during her stay in the GDR. This indifference, at least outwardly, of the Soviet Communist Party general secretary toward the Honecker protege may--in combination with the health problems that Krenz is said to have--have led to the fact that his succeeding of Honecker is no longer seen as certain. New names are coming into play, for example that of Politburo member Werner Felfe, who, as Central Committee secretary, is responsible for agriculture and thus for the same functions as Gorbachev prior to his rise to general secretary. Felfe is 58 years old and thus belongs to the same generation as Gorbachev, whose style he certainly could also easily adopt. Someone who appears to be even more similar to Gorbachev is Guenter Schabowski, who in November of last year, as first secretary of the SED regional management (East Berlin), has succeeded Konrad Naumann. The 57-year-old Schabowski has bad a meteoric career in the SED leadership in recent years. At the 10th SED Congress in 1981, as chief editor of the SED central organ NEUES DEUTSCHLAND, he was simultaneously member of the Central Committee and Politburo candidate; in 1984, he was Politburo member. In 1985, he was East Berlin SED chief and, at the 11th SED Congress, he was also secretary of the Central Committee.

Thus the 11th SED Congress, which was supposed to take place entirely under the banner of continuity, has initiated many changes in the GDR. Not in its decisions and documents, to be sure, but doubtless in its atmosphere. But at the same time, it has again become clear how dependent the development in the GDR is upon the proceedings in the Soviet Union and how closely the second German state is chained to its "big brother."

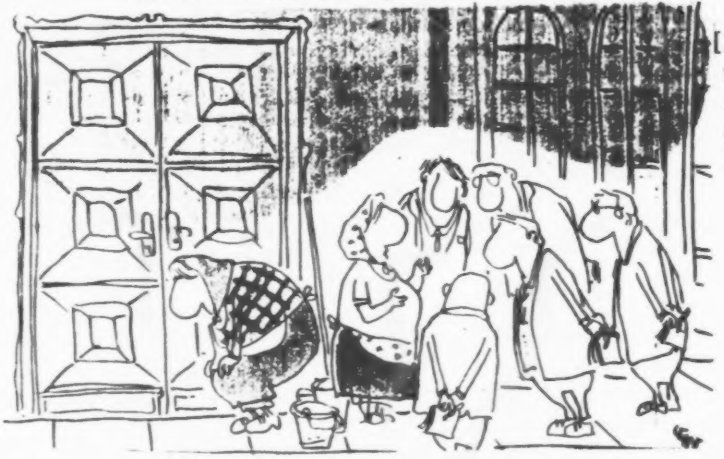
9746
CSO: 2300/442

CARTOON COMMENTARY ON PEOPLE'S RIGHT TO INFORMATION

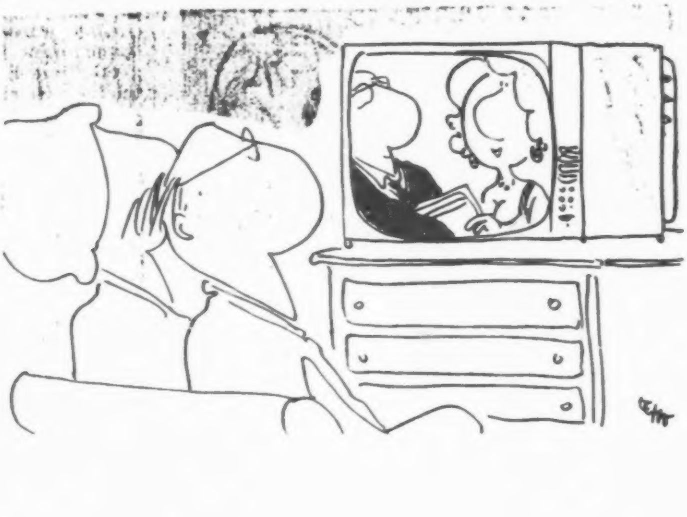
Budapest LUDAS MATYI in Hungarian 1 Jul 86

[Cartoons]

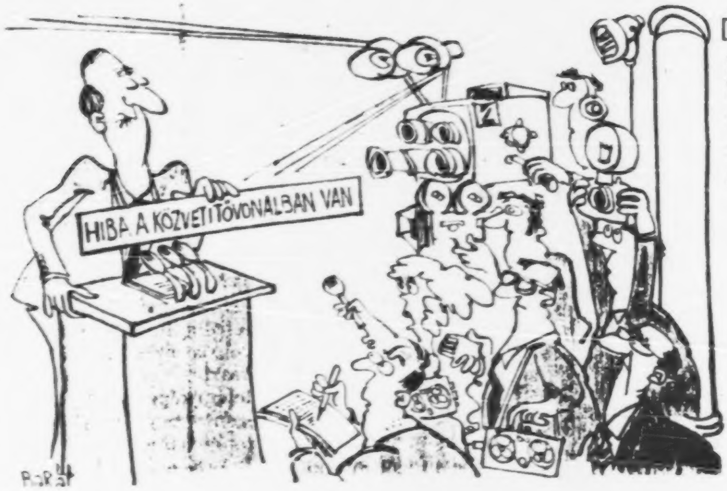
SAJTOTAJEKOZTATO [Press Conference]



[Reference is made to the new press law which will require all public organizations to furnish information to journalists.]



[Subhead reads: "When you hear the high, whistling noise, the comrade minister is relating information for internal use only."]


HIBA A KÖZVETITÖVONALBAN VAN

[The official's mouth is puckered and he is holding a sign that reads: "The problem is in the transmission cable."]

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POLITBURO MEMBERS ADDRESS 10TH CONGRESS ON VARIOUS ISSUES

Glowczyk on Work of Issue Task Forces

Warsaw RZECZPOSPOLITA in Polish 4 Jul 86 pp 6,7

["Report on the Work of Issue Task Forces"--PAP report on J. Glowczyk's speech]

[Text] On the third day of the 10th Congress the delegates, together with 700 invited guests, took part in the sessions of 14 issue task forces. Three hundred and ten delegates, of whom one-third were workers, along with 27 of the invited guests, took part in the discussions.

Seven hundred seventy delegates and 33 guests submitted written comments for the minutes of the meetings. Altogether, thus, 1,140 persons, of whom 1,080 were delegates to the Congress, took an active part in the deliberations of the issue task forces.

The minutes of the discussions at sessions of discrete issue task forces are included in the copies of bulletins distributed to the comrades. The recommendations submitted, which concern the most varied topics, constitute rich source material for the activities of the newly elected Central Committee. They have been transmitted to the Congressional Resolutions Committee and will be utilized when drafting a more detailed schedule for implementing the resolutions.

During the extensive and variegated discussions by issue task forces unanimous support was voiced for the party's program line as defined in the report of First Central Commitee Secretary Wojciech Jaruzelski -- the line of effective implementation, the line of socialist consistency!

The tasks addressed to all party members and party organizations and echelons with respect to the economy, the economic reform, intraparty activities, sociopolitical life, and the foreign policy of the party and state, met with the approbation of the delegates who took the floor at issue task force sessions.

The discussants expressed their support of the draft party program presented to the Congress.

The discussants combined their acceptance of the tasks and goals contained in the documents submitted to the Congress with critical comments on the methods and style of action so far of the party, the administration, and social organizations. Many causes, including chiefly subjective causes, of the incomplete implementation of the resolutions of the Ninth Congress were pointed out, and such forms of one's own work and that of others as would assure an effective implementation of the resolutions of the 10th Congress were examined.

The deliberations of the task forces on socioeconomic issues were characterized by a partyminded view of the economy as well as by critical remarks intended to provide creative inspiration for further action.

A majority of the comments pointed to the positive effects of the application of the economic reform, both in the performance of the enterprises and in the gradual restructuring of the economic awareness of the society. The view was expressed that the main directions of the reform as adopted by the Ninth Congress proved themselves in practice. At the same time, mention was made of disturbing occurrences, including the tendencies to persist in old habits and operating procedures in disregard of criterions of rationality. Support for a radical speedup of the economic reform was commonly voiced. On this matter both the worker delegates and those representing the engineer and economist communities were in accord.

Such speedup is needed now in order to attain effective performance more efficiently, reach the [market] equilibrium sooner, strengthen work motivation, and accelerate the growth of national income. This was expressed as follows by Comrade Jerzy Sypek: "We have not yet learned to pay for work, the pressure on wages is often inversely proportional to productivity. We must savor the bitter taste of the reform -- otherwise it won't work."

Complete support was gained by the initiative, presented in the Central Committee's report, for conducting a general review of organizational structures in the economy and the state. A great opportunity for strengthening the economic reform was perceived in this undertaking. Comrade Bogdan Prus of Radom declared: "Certification and proper work incentives are highly important elements in streamlining employment. But this has to become a regular rather than occasional operating procedure."

Many of the comments drew attention to the need to accelerate structural changes in the economy. The possibilities for a staggered attainment of this goal through the rational structural decisions of financially autonomous enterprises were pointed out. They should consist in changes in the profile of production, modernization of production, acceleration of the updating of products, and better adaptation to market and export demand, according to Comrade Mieczyslaw Lewandowski of Szczecin, who also declared, "Restructuring is needed though often painful. It will be less painful if we go ahead with it without waiting until [the enterprises] reach bankruptcy.

Considerable space in the discussions of the issue task forces was devoted to aspects of assuring an export-oriented nature of the economy. Various branches and enterprises with unexploited possibilities for increasing exports were pointed out. Comrade Krystyna Depczynska, foreman at Zarsk Clothing Industry Works, declared: "The development of exports must be viewed selectively. The selection is difficult but neccessary. A decision must be made to select those plants which can cope with the competition on the world market. It is precisely these plants that must be given support."

A major issue was said to be enhancing the interst of enterprises in the application of technological innovations and elimination of obstacles to the application of up-to-date applied research to industrial production. The continuing isolation of R&D work from the needs of the enterprises was pointed out. It was declared that the opponent of an inventor-engineer is often not so much bureaucracy or badly worded regulations as a fellow engineer who has accomplished nothing and invented nothing. Party organizations should struggle against groups of jealous professionals which rapidly begin to oppose new unconventional technical solutions or inventions.

The interest in problems of the countryside and the food economy was demonstrated by the participation of more than 200 delegates and invited guest in discussion at the session of the task force concerned with these topics. During the discussion it was pointed out that the exploitation of potential depends on both the agriculture itself and other branches serving it. As during the plenary deliberations, the need to revise the provisions regulating land management and to streamline the processes of the sale, exchange, and mergers of land parcels was pointed out, in order that, as Comrade Jerzy Swiderski said, land be received by those who know best how to handle it.

Opportunities for increasing food output are harbored in improvements in the agrarian structure, in an increase in the occupational qualifications of farmers, and also in overcoming the lag in the development of the agricultural and food industry. Comrade Jozef Rekowski of Gdansk Voivodship declared that, among other things, progress in agricultural and food processing will not only prevent waste but also make that branch of the economy an important factor in exports.

The party's role as an inspirer of the development and streamlining of activities of rural and cooperative self-government in the countryside was acknowledged to be essential.

In addition to the need to improve the nation's food supply, housing construction was declared during the discussions to be another issue ranked most highly in the hierarchy of social needs.

It was demanded in this connection that economic policy be made more housing-oriented. During the current 5-year period this should be preceded by expanding the industries producing construction equipment and materials so that during the next 5-year period the pace of housing construction could be radically speeded up.

Construction workers, including Comrade Edward Krol of Lodz and Comrade Waclaw Maciolek of Legionowo, pointed to the decapitalization of the fixed capital of construction and the shortages of modern machinery and even of the simplest tools.

Critical and self-critical comments were offered at the same time concerning the lack of consistency in streamlining the organization of labor in construction and in applying technological innovations.

Comrade Janina Hitnarowicz, a foreman at the Szczecin PREFABUD Prefabricated Structural Components Plant, spoke in this connection about the day-by-day problems which leave builders sleepless, as well as about the numerous bureaucratic obstacles encountered at work.

A change in the atmosphere created around construction workers was demanded.

An increase in privately financed homebuilding was acknowledged to be expedient, as was the activation of mechanisms promoting the procurement of resources for this purpose.

The discussion as well as the written comments at the session of Issue Task Force No 13 were dominated by concern for assuring material, personnel, and organizational premises to promote an efficient operation of the health service and halt the degradation of natural environment.

A postulate was also put forward for carrying out changes in the organization of medical services. Comrade Antoni Korniak of Szczecin asked why is the funding of the health service covered by an anachronistic and cryptic system of budget subsidies whose framework restricts the growth of health service facilities and has a destructive effect on many initiatives and all motivation.

During discussion at many issue task forces support was expressed for the assessments contained in the Central Committee's report with respect to the implementation of the resolution of the Ninth Congress and the status of the party, the state, and the economy, along with the ensuing conclusions. The discussion focused on exploring ways of implementing more efficiently and effectively the Party Program following the 10th Congress and acting more consistently. Much attention was paid to the party's style of action.

Mention was made of the need to recruit the best workers for membership in the party as well as to enable nonparty-member workers to influence the activities of discrete branch party organizations. Concerning the resolutions of the 16th Plenum, it was observed that not all party organizations and echelons have developed suitable forms and ways of operating among workers in accord with the needs.

The hope was voiced that the amendments and revisions introduced by the 10th Congress in the PZPR Statute will promote the streamlining of intraparty programs, reports, and control, and enhance the effectiveness of action of party elements and relieve them of the burdens of paperwork and conference fever.

During the discussions the problems of the party's cadre policy were broadly considered. It was stressed that, as adopted by the 13th Plenum, the "Main Assumptions of the PZPR's Cadre Policy" have been commonly accepted throughout the party. Attention was drawn to the question of the practical application of these assumptions. Basic party organizations are not always able to avail themselves of the rights granted to them in this respect.

Cadre policy cannot be reduced to granting and withdrawing party recommendations. It should include intensive political work with the cadre and the creation of a cadre reserve, especially from among young people.

The discussion on the ideological and propaganda activities of the party focused on answering the question of how to accomplish significant and qualitative progress in both these fields.

Nearly every participant in that discussion placed great emphasis on the need for a close bond between ideological indoctrination and daily life. Warnings were voiced about the danger of divorcing the indoctrination from the reality, emphasizing words above deeds.

Attention was drawn to the advances being made in the quality of the editing of the party press. But this positive evaluation by comrades was coupled with criticism of still numerous oversimplifications and sloganeering.

While the informative role of television was evaluated positively, its shortcomings in exercising its culture-promoting role, especially as regards its film repertoire, were criticized.

A characteristic feature of the discussions, whatever the issue considered, was concern for the rising generation, for its ideological and political countenance.

"An effective implementation of the Party Program depends on its understanding and acceptance. It is of special importance to win young people over to the goals of the party's activity." This declaration by one of the participants in the discussion at a session of Issue Task Force No 3 may be regarded as the guiding idea behind many comments on youth.

Culture is an important domain of ideological influence on the society. A socialist state should be an effective defender of culture. It should protect culture against commercialization, against inundation with schlock and kitsch. This requires, in the opinion of the comrades from Task Force No 4, higher deductions to the Fund for Cultural Development.

With respect to the problem of the party's influence on societal life, the discussants drew attention to the interrelationship of many seemingly disparate factors: the development of culture impedes the spread of social pathology and, in its turn, the effective combatting of social evils contributes to the feeling of justice and promotes the individual's identification with the socialist state and with the party.

In every domain of social life the party's policy should be implemented primarily by its own members. It was emphasized that party members must distinguish themselves by a conscientious execution of their duties, by leading and persisting in their work, by acting like cultured people in their relations with their coworkers, and by the honesty of their lives.

Concern for creating precisely such an exemplar of the party member and activist is, as was repeatedly emphasized during the discussion, a cardinal obligation of every basic plant and rural party organization as well as of every party organization of administrative employees.

The effectiveness with which the resolutions we are about to adopt today will be implemented will depend primarily on ourselves, on our pertinacity and consistency, on our ability to convince nonparty members of the soundness of our cause, and on the positions held by party organizations within our communities.

Acceptance and support were expressed for the formula of building a national consensus by the party not only as regards politics but also with respect to socioeconomic matters. The concept of "[national] consensus, diligent work, thrifty management, and great order" was seen as an important opportunity for the development of Poland.

Comrade Delegates!

Concerning the party's foreign policy, emphasis was placed on the advances in regaining the international position of our country, achieved owing to the consistent implementation of the line of the Ninth Congress and the stabilization of the country's political and economic situation.

Support was expressed for the concept and directions of the party's foreign policy as presented in the Central Committee report and in the draft party program.

The idea of the Declaration on the Security and Safety of Europe was warmly received.

During the discussions it was pointed out that the internationalist bonds linking the PZPR and the CPSU as well as the alliance and fraternal cooperation between Poland and the Soviet Union are of fundamental importance to our country, to the Socialist Community, and to peace on our continent.

It was very gratifying to emphasize the contribution of the Secretary General of the CPSU Central Committee Comrade Mikhail Gorbachev to the accomplishments of our Congress. Words of friendship and acknowledgment addressed to the Polish nation and to our party and its First Secretary Comrade Wojciech Jaruzelski [incomplete sentence].

Support was expressed for the proposal that our party take steps to convene the World Conference of Worker Parties devoted to two supreme causes common to the entire communist movement: global peace and security.

Many of the issue task forces pointed to the importance of rearing the society in the spirit of patriotism and internationalism. This concerns particularly the awareness of the rising generation, the nurturing of the feeling that socialism alone can cope with the challenges of the present and assure a peaceful future and development of our country, of socialist Poland.

Czyrek on Party Program

Warsaw RZECZPOSPOLITA in Polish 4 Jul 86 p 6

["Concerning the Party Program" subtitled "Address by J. Czyrek"--PAP report]

[Text] The Party Program Committee submitted to the delegates the revised and amended draft of the first longrange program in the party's postwar history--the Program of the Polish United Worker Party, with the recommendation that it be examined and approved. I thus believe that there is no need for me to explicate its contents at length. I shall therefore confine myself to commenting on the nature of the work on the Program and on some of its characteristic features and goals.

In accordance with the line and spirit of the Ninth Congress, the draft Program was not conceived behind an office desk. It was conceived in the course of partywide discussions, in confrontation with the reality and the living experiences of the party. It can be stated that all the party organizations, on presenting their position in writing, have contributed to editing the Program, refining the ideas for surmounting the consequences of the economic collapse and accelerating the country's development, and outlining a vision of the future of socialist Poland. This is of great importance to the further ideological and political consolidation and energizing of the party's ranks.

As known, more than a million persons, including many nonparty citizens as well, took part in partywide and general public discussion. The extensively edited text of the draft Program presented to comrade delegates prior to the Congress made allowance for the great contributions made by that discussion. It also was enriched by our Congress deliberations. We can thus state that this will be a Program worked out by the entire party and constituting an emanation of the historical and contemporary experiences and interests of our nation and state.

The main source of ideological inspiration to us has been the assumptions of Marxism-Leninism, along with the experience of the Polish and international worker movement and the progressive traditions of our nation. In the Program we strived to creatively combine the universal principles of socialism-building with our national Polish conditions for their implementation. The Program thus represents a synthesis of the party's accomplishments in theory and practice, and it also represents a distinctive ideological-program constitution, a longrange concept for the continuation and deepening of socialist renewal. We also attempted to avail ourselves of the experience of the fraternal parties, and particularly of the great accomplishments of the 27th Congress of the Communist Party of the Soviet Union, a congress that provides an inspiration for creative and innovative solutions and for a bold acceptance of the challenges offered by the present and the future.

The starting point of the program is the fundamental worth of our ideology, the good of mankind and the dignity of man, the primacy of man in historical processes. Among the fundamental goals and values of socialism the Program particularly highlights social justice and people's rule. While outlining ambitious goals and assumptions, the party at the same time indicates in the Program the conditions indispensable to accomplishing them, and it specifies the priority tasks of socioeconomic development and the directions of strengthening the power and democratism of the socialist state and modernizing its structures and operating procedures.

The goals of the program are underlain by the endeavor to creatively develop and deepen the line of the Ninth Congress with the object of continuing and deepening socialist renewal and accelerating the socioeconomic growth of the country. In editing the Program we tried to point to the interdependence of these tasks. This is because the prerequisites for such acceleration are the continuation of the policy of socialist renewal, the promotion of people's rule, and the expansion of the participation of working people in the process of steering and governing. And conversely, unless the country's growth is accelerated, the complete implementation of the assumptions of socialist renewal is inconceivable. Of course, a prerequisite for the success of the economic reform is both the consistent implementation of its assumptions, the refinement of its mechanisms, and changes in the traditional extensive orientation [of the economy, in favor of an intensive one], that is, the shaping a modern social awareness. In formulating the Program we guided ourselves by the assumption that socialist development should combine elements of change and continuity, i.e., that it should signify both the continuation of the tried and tested patterns of socialism-building and a creative approach to our specific conditions, to new problems and tasks, to the attained level of socioeconomic developoment, and to the needs and aspirations of the society.

During our work we had to resolve many complex problems and choose among various proposals. The question of determining more closely the nature and functions of the Program led to lively discussion. We adopted the assumption that it should provide our party with a particularly clear and precise enunciation of strategic goals and of the main roads leading toward them. As for more detailed plans and ways of implementing them, these should be determined by subsequent party congresses on using the resolutions of this 10th Congress as the starting point, as well as by the central committees to be elected by these congresses. We tried to avoid any kind of voluntarism and plant our feet firmly on the soil of reality. We proceeded in this connection from the assumption that we cannot let ourselves become prisoners of the present conditions, which after all are going to change, that we must exploit every lever for intensifying development. Of crucial importance to implementing the Program will be the party's ability to rally the collective effort of the nation round the goals outlined. We must be conscious of the fact that, in presenting its Program, the Polish United Worker Party is assuming a great obligation toward the working class and the entire society. This makes it all the more important to outline correctly in the Program the directions of strengthening the leading and guiding role of the party as well as its "service role."

In the Program we emphasize the decisive role of the working class as the basic force for socialist development, and the fundamental importance of the worker-peasant alliance, and we point to the great and growing role of the alliance of the working class, the peasantry, and the intelligentsia. This alliance will be decisive to the dynamism of Poland's socioeconomic and civilizational progress. The Program declares that the party's task is to create every condition for strengthening this alliance as the foundation for national consensus, for the creative force of socialist construction, and for the introduction of the science and technology revolution, the modernization of national education, and the development and spread of culture.

Hence, the draft Progrm stresses the unshakable will of the Polish United Worker Party to broaden and deepen national consensus and resolutely combat the opponents of socialist Poland. We interpret national consensus as a continuing process and an indispensable prerequisite for developing socialist democracy. Its organic element should be the right to criticism, to social control, to social consultation. It is a fundamental issue for national consensus to be translated into reality through common action. Such an integrative function should be performed by our Program, which should rally all the democratic forces of our nation round its implementation.

The draft Program emphasizes forcefully the tried and tested line of the Polish foreign policy serving the most vital interests of the nation. At the same time, we point to the need for a new view of present international relations allowing for the growing interdependence and mutual ties of countries and regions as well as for the need for new thinking in the atomic era, in which the growth of mass annihilation weapons imperils the survival of civilization. This implies a need to intensify the struggle for peace and security, for overcoming imperialist threats. The peaceful program offered at the 27th Congress of the Communist Party of the Soviet Union provides mankind with hope for a safe future of the world.

In the Program we pay special attention to the current processes in the socialist world. Their main orientation is the desire to hasten the pace of development and to exploit for this purpose all the values of the socialist socioeconomic system. The Program points out that our country cannot absent itself from the historical process which will lead the Socialist Community xxxtoward a new higher stage of development. This concerns not only our ambitions but also the place which we wish to occupy in the Socialist Community in the present-day world.

The Program expresses the party's patriotic and internationalist responsibility for the position and role of socialist Poland on the international arena, for its contribution to building a peaceful future and to the progressive transformation of the world which, despite the gigantic perils overhanging it, has not after all ceased to be a world offering great development opportunities and hopes.

Poland is resolutely in favor of freeing Europe and the world from the weapons of mass annihilation; it is in favor of a constructive East-West dialogue, of joint tackling and resolution of the great problems of the present through peaceful cooperation, of detente and collaboration. This position is reflected in the draft declaration on security and cooperation in Europe adopted by the Task Force for International Issues under the 10th Congress, in whose behalf I am requesting the acceptance of that declaration.

We are aware that a consistent implementation of the Party Program should markedly change to the better the qualify of life of the working people and contribute to meeting more fully their material and intellectual needs and resolving many urgent topical problems. We are conscious that this road will be neither easy nor straight. It will require considerable effort and obduracy, and especially an adamant consistency in implementing the goals outlined.

The course so far of the 10th Congress demonstrates that the accomplishment of these goals is possible, that our party is determined to do everything in order to keep abreast of the needs of progress and the present era.

As emphasized in the address delivered by Comrade Wojciech Jaruzelski, the optimism with which we arrived at this Congress is derived by the party from its faith in the working class, from the ardent patriotic and creative strength of our nation. Another source of optimism may be that our party has finally drafted its first longrange program, that it has made clear to the society the goals it strives for and the kind of Poland it wants to shape.

In asking that the proposed draft program be adopted, this Committee appeals, on behalf of the Politburo, for any needed textual revisions as well as for the consideration of the proposals and recommendations submitted after the copies of the draft program were distributed to the delegates or will be distributed during the present meeting.

Porebski on 10th Congress Resolution

Warsaw RZECZPOSPOLITA in Polish 4 Jul 86 p 6

["Concerning the Resolution of the 10th Congress", subtitled "Address by T. Porebski"--PAP report]

[Text] Last February we commenced work on the working draft of the resolution of the 10th Congress. It was handled by an editorial team of several persons singled out from among the nearly 90 members of the Third Committee of the Congress, appointed at the 23rd plenary session of the Central Committee.

In commencing its work the editorial team proceeded from the assumption that the text of the resolution should in the main reflect the social desiderata expressed in pre-Congress discussion and inspired by the draft program of our party as well as the theses of the Congress. It should also reflect the desiderata expressed during earlier nationwide debates held prior to the elections to people's councils and to the Sejm of the Polish People's Republic.

We also proceeded from the assumption that the resolution should specify in more detail the tasks for the current 5-year period as ensuing from the longrange party program and that, along with other documents being adopted by the 10th Congress, it should constitute the axis of the socioeconomic life of the party and the state for the next 5 years.

The first version of the working draft of the resolution of the 10th Congress was submitted to the entire membership of the Third Committee of the Congress toward the end of last April. The ensuing discussion as well as written comments submitted by members of the Committee resulted in drafting a new version which was submitted toward the end of last May at a session of the Central Committee Politburo. In accordance with its decision, copies of the markedly improved draft of the resolution were disseminated early in June to all delegates to the 10th Congress with the request that they submit their comments, proposals, and recommendations on the text of that document.

In all the voivodships were held sessions of voivodship caucuses of delegates at which the working draft of the resolution was discussed. These consultations resulted in the influx of many hundreds of specific comments and recommendations to the editorial team. These comments and recommendations were utilized to a large extent in the next version of the draft. For example, the following suggested recommendations were incorporated: a provision on organizations of private farmers, a marked expansion of the provision concerning the mass media, and many others. This kind of work on a draft resolution is a new phenomenon within the party, because previously delegates to party congresses were not briefed about draft resolutions prior to the opening day. The statement is thus warranted, without any exaggeration, that the delegates themselves are as it were the creators of the document submitted to them. The fact that the current congress of our party has adopted the PZPR Program leads to the imposition of structural requirements other than in the case of previous party-congress resolutions.

For the previous resolutions contained longrange program elements, whereas the present resolution does not have to contain any such elements, since these already are contained in the Program. From the very beginning of the work on the draft resolution, the question of the extent of numerical data to be contained in our document was the subject of a lively debate. Some comrades wanted as many of these data as possible to be incorporated, while others favored the opposite course. In this sense, it appears that the version we had submitted to the comrades on behalf of the Congress Committee is a reasonable compromise.

The draft resolution refers directly to the accomplishments of the plenary sessions of the Central Committee in between the Ninth and Tenth congresses, which on the one hand enhances the importance of these plenary sessions while on the other it contributes to reducing the length of our draft. The working draft, which numbered 60 pages, was submitted to the Congressional Resolutions Committee on the first day of its deliberations. At the Committee, intensive work on that draft took three days, with allowance being made for the nature of the Central Committee report presented by Comrade Wojciech Jaruzelski as well as for the numerous comments and recommendations received from the delegates. A new element, compared with previous resolutions, is Chapter 1 of the submitted draft, titled, "The Most Urgent Social Tasks." It treats of six most important social issues, as ensuing both from pre-Congress discussions and the discussions during the campaign for elections to people's councils and the Sejm -- issues which during the present 5-year period the party places in the forefront of attention, which it obligates all party and state elements to resolve, and on which it appeals to the entire society for its broad and universal support.

Let me now recapitulate these six important issues.

-- First, there is the issue of improving the supply of consumer goods, including food, and abolishing the rationing of meat and processed meat products.

-- Second, there is the issue of achieving progress in the solution of housing problems.

-- Third, an effective reduction in inflation.

-- Fourth, provision of adequate health care and protection of natural environment.

-- Fifth, meeting the growing intellectual needs and aspirations of the society, that, is continuing the development of enlightenment, education, and culture.

-- Sixth, and last, is the issue of the policy of shaping personal incomes, wages, pensions, annuities, and other social services, representing an affirmation of the principles of socialist social justice.

These issues could, of course, have been incorporated in any other chapter. But it appears that their placement in the very first chapter as part of the cardinal problems on which our work and attention will be centered is appropriate.

Toward its end the draft resolution includes a provision obligating the newly elected Central Committee to draft and submit to the party a detailed plan for implementing the resolution of the 10th Congress. This plan should be developed as soon as possible and submitted at the second or third plenary session of the Central Committee.

On behalf of the Resolutions Commitee appointed by the 10th Congress, I submit the following recommendations:

-- first, the Committee recommends that the 10th Congress accept the proposed version of the resolution, with allowance for the amendments and revisions distributed today to the delegates;

-- second, the Committee recommends that the 10th Congress authorize the newly elected Politburo to perform the needed editorial revisions prior to the publication of the resolution. I admit that the revisions requested are quite numerous, because the manner and the necessary haste in which the recent version of the resolution was edited has resulted in that it contains many passages couched in far from felicitous language;

-- third, the Committee recommends that, in view of the direction in which the draft resolution is oriented, a direction which we wish to retain, all the specific recommendations, which were received in large numbers, along with the recommendations made during the discussions as well as specific recommendations made during plenary discussion and during discussion by Congress task forces, be addressed for consideration to the party Central Committee. It is also recommended that the 10th Congress place the newly elected Central Committee under the obligation of utilizing these recommendations when drafting the plan for implementing the resolution of the 10th Congress.

Such are the three recommendations which the Resolutions Committee pledged me to present here with the request that they be considered by the Congress and eventually adopted.

Mokrzyszczak on Letters to Congress

Warsaw RZECZPOSPOLITA in Polish 4 Jul 86 p 6

["On Letters and Telegrams to the Congress," subtitled "Report by W. Mokrzyszczak"--PAP report]

[Text] During the Congress its secretariat received 2,196 letters and telegrams of greetings and best wishes for the delegates and the party leadership. Their senders were plant party committees, party organizations, domestic and foreign plant workforces, elements of the PRON [Patriotic Movement for National Rebirth], youth organizations, youth unions, and units of the people's Polish Army, including servicemen on military duty abroad. Other senders were clubs of war veterans, and associations of artists as well as socio-occupational associations. In addition, 378 letters and telegrams from private individuals were received. Best wishes for the Congress were also sent in by school youth and scouts. In their telegrams the workforces of many plants announced that the were keeping close track of the discussion and expressing support for the program line of the 10th Congress through their work.

The letters and telegrams pointed to the unusually responsible work accomplished by the Central Committee under difficult and complicated external and domestic conditions during the period between the Ninth Extraordinary Congress and the Tenth Congress. Special acknowledgments were addressed to First Central Committee Secretary Wojciech Jaruzelski. The letters and telegrams emphasized that the report of the Central Committee produced a strong echo among the Polish society, among both party and nonparty members. They stressed that that report reflected all the principal issues of concern to the society and expressed a deep concern for accelerating the country's socioeconomic development, strengthening order and discipline in the economy, and consistently applying the economic reform.

The letters and telegrams pointed out that the report in question presented in a worthy and principled manner the main directions of Polish international policy, and they particularly emphasized the consistency with which these directions have been pursued. The letters and telegrams also pointed to the great role and importance of our alliances, and particularly of our fraternal friendship with the Soviet Union. The authors expressed their gratification over the fact that the Soviet delegation to the 10th Congress was headed by Secretary General of the CPSU Central Committee Mikhail Gorbachev. Many of the telegrams referred to his speech while at the same time asking that best wishes and thanks for his direct and friendly references to our party and the Polish nation be conveyed to him. In this connection, complete approbation of the peace initiatives presented by Mikhail Gorbachev on behalf of the Soviet Union was expressed.

The Congress received 362 reports on the fulfillment of output pledges and 223 reports on the performance of civic deeds. These pledges and deeds resulted in, among other things, the extraction of additional thousands of tons of coal, the melting of thousands of tons of steel, the production of many durable consumer goods, and the conservation of thousands of tons of raw and other materials. New public facilities have arisen, including sports, recreational, and leisure facilities. Hundreds of local roads were modernized.

One hundred and twelve telegrams announced the formation of production watches for the duration of the Congress. The initiators of these civic-spirited deeds were, in addition to party organizations, elements of trade unions and youth organizations.

Reports on the fulfillment of many output pledges and civic deeds also were sent in by private farmers, state-farm staffs, and cooperative memberships. Many of the telegrams informed the Congress Presidium that, for the duration of its deliberations, basic party organizations held party meetings devoted to discussing the daily agendas of the Congress. At many of these meetings new candidate members were admitted.

In addition, the Secretariat of the 10th Congress was visited by 188 persons who came to us for help in personal affairs and problems. Most were nonparty members. When describing their problems they voiced the hope that the resolutions adopted by the 10th Congress would speed up the solution of many urgent social and economic problems of the nation. Altogether thus, the letters and telegrams expressed, in addition to best wishes and greetings for the Congress, the hopes and expectations of the society as well as support for the program and political line of the party.

Allow me on behalf of us all to thank the senders for their wellwishing attitude and interest in the deliberations of our congress.

1386
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BOOK BY DEPUTY DEFENSE MINISTER CEAUSESCU REVIEWED

Bucharest SAPTAMINA in Romanian No 29, 18 Jul 86, p 3

[Article by Corneliu Vadim Tudor: "Independence"]

[Excerpts] Independence is the extraordinary stubbornness of the "Latins of the Danube" standing on the border and asserting "No!"

A remarkable book is devoted to this ideal, the most stirring and concrete abstraction of our nation's long existence: "Independenta poporului romanobiectiv fundamental al Partidului Comunist Roman" ["The Independence of the Romanian People--Fundamental Objective of the policy of the Romanian Communist Party",] written by Lt. General Dr. Ilie Ceausescu. Recently published by the Military Publishing House, the book is subtitled "Traditie, Actualitati, Perspectiva" ["Tradition, Realities, Prospects"]. Personally, I am glad that such a book was written by a soldier, because our heroic army knows better than anyone what the price of National Independence has been and what our future duties are towards the consolidation, day and night, of this achievement. Author and co-author of important books and treatises on our nation's history, patriotic soldier and historian of international stature, Ilie Ceausescu is among the laureates of annual prizes of our review alongside front rank personalities of Romanian historiography such as academicians C.C. Giurescu, David Prodan and Stefan Pascu.

From the very beginning of the book, what commands respect is the author's great powers of synthesis: because, it must be admitted, it is extremely difficult to compress into 300 pages events covering a period from the first documented foreign invasion (the campaign of Darius I in 514 B.C.) up to the present, exactly 2,500 years. Only a complete master of the material treated can carry off such a review, outlining implications and consequences, selecting those facts that are truly significant out of the pile of evidence, without falling prey to the mirage caused by all these documents. Scientific as well as artistic skill is involved in such an effort--essential attributes, especially if one wants to make a convincing historiographic contribution in a field which has seen the likes of Nicolae Iorga. Major battles of our people, strategies used during wartime or peacetime, memorable sources attesting to our continuous existence on these lands, our unquenched thirst for freedom and unity, are all evoked one by one. "No foreign army will be able to escape under the open sky"--the Dacian king Dromichaites said to the foreign invader;

under the rubric of these fiery words may be placed the entire Epoch of National Independence.

Indisputable expert on logistic and strategic problems of WWII, Ilie Ceausescu brings to light a host of new facts concerning the betrayal and abandonment of Romania by its former allies as well as the loss of certain ancient Romanian lands, regained in part through the heroism of our army. At the same time, emphasis is given to the historically valuable role played by the Romanian Communist Party, which during this gloomy period of an unnatural alliance saw clearly through the night of history and served the main interests of the nation: "In those circumstances, reality and conclusive facts to the contrary notwithstanding, the Comintern insisted on the view that it was not Hitlerist Germany that constituted the main threat to the independence and sovereignty of peoples, but rather the policy promoted by imperialist circles in England and France. In spite of such directives, in July 1940, the Romanian Communist Party asserted clearly: "We remain committed to the view that Hitlerist Germany is, nevertheless, the main threat."

The unique position of our party, shared by all other progressive forces, proved to be the most justified. A long chapter of the book is dedicated to the 9th Party Congress--beginning of a new era, moment of renewal of national pride. Homage is paid to the historical worth of the Party and of Comrade Nicolae Ceausescu for their contribution towards the reunification of Romanian traditions. Comrade Nicolae Ceausescu's epoch-making speech of that passionate July (whose 21st anniversary we are celebrating!) marked a new era in the life of our country, being the foundation stone of our material and intellectual achievements. And the new military doctrine, which asserts that the defense of the homeland is a vital work and cause of the entire nation, certifies our unwavering will to rise to the heights of ancient glory, not to surrender to anyone "even an inch of soil" (as Duke Menumorut put it to Arpad, chieftain of the Hungarian invaders), to follow our destiny of freedom, unity and peace. True and blessed father of the national Renaissance, President Nicolae Ceausescu embodies in his being the ideal o Independence knowing all too well the lessons of history.

Lofty call to love of country, the book "The Independence of the Romanian People--Fundamental Objective of the Policy of the Romanian Communist Party" is one of the purest and most exciting mirrors of the soul placed before the generation of today by the new intellectual tradition of our country.

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POLITICS ROMANIA

DANGERS OF 'NONINVOLVEMENT' FOR COUNTRIES, INDIVIDUALS

Timisoara ORIZONT in Romanian 25 Apr 86 pp 1-2

[Article by University Lecturer Dr I. Peles: "Consciousness and Historical Necessity']

[Text] The stronger and stronger affirmation of our people's consciousness of themselves and for themselves, as an objective necessity, undoubtedly represents one of the great accomplishments on a political and spiritual plane that ought to be noted now, on the occasion of the Romanian Communist Party's anniversary of 65 years of glorious existence. We feel that it is no accident that this very complex problem has constituted an essential component of revolutionary theory and practice promoted by the Communist Party throughout its history.

Particularly in our national history's most fertile era, inaugurated by the ninth congress of the party, ever since it asserted itself as the vital center of Romanian society, patriotic, revolutionary education, within which the nation's consciousness of itself and for itself takes on a profound political significance, has represented an integral part of the program for our development in the context of world human progress and civilization. A fact also illustrated strikingly by the orientations provided for all political and economic activity during the proceedings of the Plenum of the RCP Central Committee on 1-2 April of this year, marked by the masterly speech of the secretary general of the party, Comrade Nicolae Ceausescu.

The contemporary stage of the human communities is the result of the thinking of ethnic groups, expressing the desire, will, and action of man, as an essential entity. In our era the phase has been reached in which the members of a national community may become conscious of their essence, and the community may become conscious of the value of the individuals that compose it.

In the main, the contemporary nations seek well-being and progress. In this context, the role of devising and supporting a principle of existence and affirmation corresponding to historical determinism goes to the decisionmaker. In this way, a nation's future is shaped by ideas that have as an essence the good of the nation in accordance with the good of humanity in general. The way of accomplishing a qualitative leap in world civilization presupposes a nation's solidarity, a principle that becomes effective under the conditions of its conscientization, transcending the abstract sphere and thereby securing the necessary and stable equilibrium between the individual and the general. At the same time, the nations become responsible for the fate of humanity. Our socialist nation's responsibility on this plane is formed on the basis of the free and conscious choice of a possible variant of its attitude. In this regard, a nation's political responsibility is a derivative of the freedom of choice, and the nation's freedom, in relation to political responsibility, is its ontological foundation. Since the nation conscientizes the data of reality in order to objectify them in social practice, its responsibility appears under the sign of the agreement between the ideas, feelings, and attitudes of its members and the requirements of general normativeness. The responsibility that our nation assumes on a political, economic, and cultural plane, viewed in the unity of the deeds of consciousness and attitude, involves not only the finalizing act of the action but also the entire national conduct, beginning with the intention and continuing with the choice, the decision, the social action.

Under the conditions of the current stage in which the nations are found, we can note a certain capacity of theirs for confrontation, without which they could not exist. The firm policy of supporting the struggle for the free affirmation of the nations, of rejecting inequity and poverty, everything that is of a nature to impede the rise of culture and civilization, constitutes one of the consequences of this confrontation, noted, as a matter of fact, by contemporary thought. This international policy promoted by the Romanian Communist Party has its source in the existence of an economic, social, political, and cultural milieu that permits all social and national groups in Romania to participate under full conditions of freedom and equality in the conscious creation of their own life.

In its capacity of a subject conscious of its condition, the Romanian socialist nation is creating a new existence for itself, through the action of subjugating and transforming nature and through the improvement of its own human relations and its relations with the outside world. In relation to the realization of the meaning of the evolution of human history, the generalized responsibility at the level of the whole national community is not only a possibility resulting from the new social condition but also a necessary premise for defining its own personality in the process of building the socialist and communist society.

Indifference, sometimes hidden under the deceitful veil of "noninvolvement," is the expression of a low level of self-consciousness, of the consciousness of belonging to one's own national community and to the international community. The avoidance of difficulties is a very serious moral and political act, if we consider the negative consequences that result from it for national existence. It is fitting for us to stress here that the national and international policy promoted by the Romanian Communist Party, from the viewpoint of conception, attitude, and action, is illustrative of what is denoted by the courage to tackle the most complex problems with which the contemporary world is confronted. As a matter of fact, the centuries-long experience of the Romanian people has shown that freedom and responsibility are constituted, on a political plane, as a continual blending of boldness with the assumption of the responsibility for the bold act and that independence and sovereignty are not gained on a sound basis except in this way.

The affirmation of national consciousness, in the context of the Romanian people's struggle for independence, often involved boldness and sacrifice. Consequently, those views and attitudes that demonstrate the absence of attachment for the homeland, the party, and the people cannot be immaterial to any party. To national existence the simulation, in some cases, of responsibility for its fate is also just as harmful, since this simulation can conceal behavior that is not in keeping with the requirements of our communist norms. Even if the simulation, which can present as true feelings such virtues as abnegation of heroism, devotion, and patriotism, does not have a general and primordial character in conduct, this does not lessen its harmfulness. The criterion that leads to the discovery of these situations is the deed. "In the long run, the party activist and the Communist must be judged not by words but by the results of their work," Comrade Nicolae Ceausescu stated. In such a view, the vast activity of national and patriotic education performed in our society has the prospect of its objectification in true material and spiritual values that would define, in new qualitative terms, the Romanian people. Starting from this desire, the secretary general of the party, Comrade Nicolae Ceausescu, pointed out at the 13th congress that "in the entire political and educational activity of forming the new man, we must put first and foremost the development of socialist revolutionary patriotism, of love for the homeland, of responsibility and attachment for the people, for their revolutionary gains, of the determination to struggle and work to forge socialism and communism, to continually increase the material and spiritual well-being of the people, to defend the revolutionary gains, the independence and sovereignty of Romania."

Such a view is of a nature to propel our homeland to new heights of culture and civilization.

12105
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POLITICS ROMANIA

MAINSTREAM POET RESPONDS TO LITERARY CRITIC

Bucharest SAPTAMINA in Romanian No 24, 13 Jun 86 p 7

[Article by Corneliu Vadim Tudor: "More About a History of Romanian Poetry"]

[Text] Nearly a year ago I published in this journal an analysis, extending over seven issues, of the book "A History of Romanian Poetry" (Volumes I and II) by Mircea Scarlat. It was clear to very many lovers of Romanian poetry that the work in question is "a lamentable failure" (such was the title given to the serially published analysis). This was underlined by the great number of letters and telephone calls received by the editorial office. The author learned nothing from all this, however, and, impelled by his sense of self-importance, insisted on having the last word himself, writing to the editors a violent protest, which the journal published in the normal course of business. There followed a clarification signed by Eugen Barbu; it recounted some of the egregious errors appearing in the book. It appears that not even the clearest evidence can persuade M. S. to be self-critical, inasmuch as he was just waiting for an opportunity to settle scores once for all with those who disputed his work. His opportunity did arrive, last week, in the pages of a certain publication, in an interview given to a certain Dorin Marar. Unassailable Scarlat has some choice words for Eugen Barbu, Victor Atanasiu, the undersigned, and others who have fallen into the error of failing to go into ecstasy over his work. "Hence it is difficult to forget people who have no work to their own credit but who spit venom, such as Alexandru Grama, Sorin Toma, and--but it would be better for me to stop here." As is known, the high priest Grama rejected Eminescu, and Toma rejected Arghezi, so that Scarlat believes himself to be wronged, like the great writers into whose company he fraudulently introduces himself on his own initiative. "And," concludes the critic, "the fact that we have one or two deadwood areas shows that we are already a vigorous, normally growing forest and not a hothouse plant that needs to be tended by others." In an accompanying cassette, under the title "They have been answered," we find who these two or three "deadwood areas" are: Laurentiu Ulici, Eugen Barbu, Victor Atanasiu, Corneliu Vadim Tudor, Alex. Stefanescu, N. Mihaescu, Al. Piru, and others. We also find who made favorable comments: Dinu Flamind, Ioan Buduca, Radu G. Teposu, Ion Bogdan Lefter, Ileana Corbea, Ecaterina Vaum, Tania Radu, Cristian Moraru, Mircea Iorgulescu, Nicolae Manolescu, G. Dimisianu, Marin Sorescu, and others. And Mircea Scarlat is naturally concerned with the praise of his teammates Buduca and Teposu and with turning his back on the critical opinions advanced by professors Al. Piru, N. Mihaescu, and Paul Cornea (the latter he abusively places on the list of those who have failed to praise him, remaining entirely silent about the serious reservations expressed at one time by the distinguished university professor). Similarly, it is a moral problem to him that in 1975 he violently criticized Marin Preda on the occasion of publication of the latter's novel "Delirul" [Rapture], and that now, after slightly more than a decade, he is serving on the commission in the writer's native village in connection with the recent Martin Preda intercounty short prose work competition. But, we ask, just what is it that has provoked the last-minute reaction by M.S.? Perhaps a prize which he received in the meantime for the second volume? But any number of prizes have been received, by Mircea Cartarescu, by Traian T. Cosovei, by Ileana Malanciolu, by Marin Sorescu, and by Octavian Paler and other figures in the literary fray, but this has not prevented him from making himself perfectly ridiculous. For the use of the members of the jury, I will cite only a few of the fundamental errors appearing in the volume in question, so that they may finally know to whom they have awarded a prize.

1. The aberrant assertion of the youth of Romanian culture (which is nevertheless 2,000 years old) and the need for "synchronization with European literature in the older cultures" (page 234). 2. The complete disregard of Neagoe Basarab (in volume I) and the mention of him (in volume II), to the protest of critics, that includes the strange assertion that this great humanist prince should be studied as one of the constellation around Nichita Stanescu. 3. His failure to understand Titu Maiorescu, whom he accuses of "the rigidity, would-be normative nature, and didacticism" of his position in Romanian culture (page 21). 4. The manner in which he snipes at our national poet. Following are some of the glaring examples. "In the matter of understanding poetry, Eminescu is not a pioneer, such as was Macedonski in one important aspect of his work" (page 43); there is the assertion of the superiority of the poem "Noaptea de decemvrie" [December Night] over "Luceafarul" [The Evening Star] (page 150); in Scarlat's opinion, Eminescu is a bookish poet who only in appearance is spontaneous and whose youthful poems are marked by "mawkishness" and "adjectivitis"; the poet is also supposed to have been "pseudo-naive," "didactic," and "eclectically classicizing"; the shameful epigram that Macedonski addressed to the sick Eminescu should in Scarlat's opinion have evoked a "copious response" (pages 276-268). 5. The critic still insists that Octavian Goga was not overly complex and that N. Iorga was devoid of spontaneity. 6. To him, the ballad "Miorita" [The Little Sheep] is a nuptial poem, like "Nunta Zamfirei" [Zamfira's Wedding], this proving that he has understood absolutely nothing of the sublime metaphor for death. 7. We still encounter thoughts such as "the Bacau wolves howl, inspiring terror" (page 311); "Goga's power of expression was due above all to his talent" (page 176); "some of Eminescu's verses were "simply idle exercises at times of relaxation" (page 132), etc. 8. The pedantic style of writing, with its suffocating repetitions of the terms "signified, significant, trenchant, and striking." 9. Use of words in improper senses and disturbing use of pleonasms such as "superimposed over" and "interpenetration between."

And there is one last gem from the introduction which he gave himself in the publication in question: "Mircea Scarlat's style rejects the current language of criticism, sterile, dully factual explications, or erudite ambiguities. it is a ballet, not a saraband. It is a ballet, not a mere stroll. The vigor of the dialogue and the suppleness of the style confirm this." Forget about Maya Plisetskaya! Here is another specimen of the "ballet".

"The palette of spatial suggestions in the book "Lead" is very rich. At one pole there is the enclosed space (whose generic objectivization is here the coffin), and at the other the space whose non-boundaries are more terrifying than the leaden cover of the coffin: the void. At one pole there is death, and at the other annihilation" (page 309). Alongside such thoughts, the gloomy, morbid song "Deschide, gropare, mormintul" [Gravedigger, Open the Tomb] pales by comparison.

6115
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PLACE OF MUSIC IN CONTEMPORARY ART

Iasi CRONICA in Romanian No 23, 6 Jun 86 p 3

[Article by Al.I. Fridus: "The Values of Music in the Context of Contemporary Art"]

[Text] What is the place of the values of music in the context of contemporary Romanian art? This was an aspect, approached from various perspectives, at the recent symposium organized in Iasi as part of the Days of Romanian Music. The problem--it was said on that occasion--involves equally artistic creation proper and its impact on the public, in other words, the presence of the values of music in the artistic consciousness of our socialist present.

It is a fact--it was stressed at the symposium--that research and exegeses undertaken in recent decades have brought out very rich traditions of this art on our territory, advancing in time into remote eras. Our modern and contemporary, classical and folk music, with notable achievements, lies in a natural extension of these traditions. It is no less true that the evolution of this art in the second half of the last century and in our century, synchronous to a degree with the evolution of the other arts, with literature in particular, is not reflected, in its entirety, in the instructional and educational process. Therefore, although in music too, as in literature, we can speak of a continuity from Flechtenmacher and Caudella to George Enescu and to contemporary composers of unquestionable value, just as in literature we speak of a continuity, say, from Alecsandri to Blaga and Arghezi and to contemporary literary creations, this extensive process of the evolution of Romanian musical art is still incompletely known, implicitly also because of a limited degree of inclusion of musical creation, classical, modern, and contemporary, in the concert programs. The cause of the insufficient exploration and utilization of the existing musical assets remains to be specified, in order to eventually find suitable remedies.

Naturally, there are also happy exceptions, the Days of Romanian Music being one--the most graphic--of them. An occasion for paying homage during the symposium, this initiative by Iasi, an event of the musical events in the country, as a composer of repute declared in this context. The 10 days of musical events held in this city of high cultural prestige are sure proof of the possibility of achieving in other cultural centers too a broad dialogue between music--Romanian music, in particular--and the public. An unmediated dialogue, but also, of necessity, a mediated one, considering that, more than in another art, music presupposes gradual familiarization and advisement, for properly comprehending the whole list of values, from the ordinary ones to the exceptional ones, in which sometimes there is also recourse to language of considerable complexity. Who the mediating agents are in this case was discussed at length during the symposium. And how they are developed, so as to meet the obligations that devolve upon them. As an answer, the cultural animator, a product of a specific or unspecific educational process, was designated generically. With what results? The holding of incidental educational concerts still in many areas, a mere repetition of the Friday or Sunday concerts, shows that things are not satisfactory in all respects. The fact that the concert halls are not even always filled shows that the involvement of the educators, of musical criticism, of the musicologists, and of the presenters in the concert halls is often not up to the required level. A euphemistic statement, if we consider the facts more closely. And then, what is the explanation for the lack of practical effect of the work of forming the public for musical art?

The inadequate presence of music in the school programs may be an aspect worth discussing, but, as was noted, if we consider the facts, the accent with respect to musical pedagogy has passed more and more in recent times (and this almost inevitably!) from the forms of musical education to the competent agents in cultural activities--particularly due to their unprecedented scope. Unfortunately, the recruitment of the respective mediating agents meets with difficulties--first, because musical education does not offer at present a sufficient portion of the cultural horizon--beyond the strictly specialized one--capable of providing to the future guide the possibility of addressing the public through various means of reference: literary, plastic, etc. Second, because where mediators with specialized training are not involved, the dilettantes, who, no matter how enthusiastic, cannot and do not do musical life a real service, infiltrate persistently. This is why shaky improvisations from a professional or cultural viewpoint abound in the productions in the concert halls, but sometimes also in other dialogues with the public, including through the press. Moreover, both the specious approach and the dilettantish approach do not stir up interest. Particularly when the talent to put on an entertaining, convincing, and eventually captivating performance is also absent.

Certainly, what the mediators do not accomplish, music itself should accomplish, through a direct impact. And here, however, a question arises, particularly within the framework of contemporary music, which, as in the case of literature, has much too often elevated difficulty to the rank of a virtue, instituting it as a sign of modernity. So that, not infrequently, before being accessible, music is full of difficulties on the plane of comprehension. It is true that similar things also happened with regard to the creation by classical composers now with a wide following. Beethoven, for instance, But he shocked his colleagues in particular and sometimes baffled his instrumentalists, with the public being, in general, prepared, by a whole previous musical culture, to accept his innovations. A reason for returning to the idea of a sound musical culture, which can have as a basis only a concert life with sure national and international values, capable of increasing the public's appetite for elevated and varied genres of musical creation, including here avant-garde creation too. But this, in a natural and necessary continuity and not with discontinuities that shock and sometimes, instead of attracting the public, drives it away. Continuing an idea stated at the symposium--namely that the path to the values of national music also passes through the values of international music--we could say, with equal justification, that the path to Enescu's "Oedipe" passes, of necessity, through his rhapsodies. Especially if we are dealing with interpretations of an authentic artistic bearing. Anyway, without such bridges, musical education runs the risk of remaining sterile, of getting stranded in pedantry and snobbery.

One thing is certain: The familiarization of the public with musical values is visibly facilitated by placing musical creation in the public's normal universe of references. A universe that begins, in childhood, with the fairytale and continues with the beauties of the homeland and with the values, sometimes more present in the public's consciousness, of other arts. But we have little music on fairytale themes--simple and captivating music, a participant in the discussion said. Not enough of an emphasis is put on the other above-mentioned directions either, there thus remaining to be utilized possibilities not sufficiently taken into account by those responsible for the fate of music's dialogue with the public. Similar Romanian works, some of great impact, can be mentioned--and have been!--in connection with musical works like "Peter and the Wolf" by Prokofiev, "Vltava" by Smetana, and "Pictures From an Exhibition" by Mussorgsky. Increase their number--that is the sure way to heighten the interest of wider and wider categories of the public in music. Categories at present--and this beginning with the young people--largely "confiscated" by light music, not always of the best quality, if not even of doubtful or poor quality. How is it--a participant in the symposium asked--that, while they study Planck and Einstein and tackle mathematical problems of extraordinary subtlety, the young people of today can be captivated so easily, on the plane of music, by superficial works, with an alarming discordance thus being produced in the universe of the values assimilated, among which nonmusical values, displayed in some concerts of light "music" with immense halls filled to capacity, filter aggressively?

And yet it seems that, in competition, at present, light music does not win--it was said--but folk music. Proof: the large number of Electrecord records. It remains for us to appraise the value of the music recorded on those records and, in general, the value of the folk music (or so-called folk music) disseminated in various ways. However, from this viewpoint, it seems that an alarm signal should be sounded. A disquieting tendency to pollute folk music is making itself felt, and this through the presence of fakes in concerts, instead of the authentic values--real jewels of folk creation--it also happening sometimes that the stars manufactured overnight themselves manufacture, in their turn, an incidental folklore, before which the spirit of discrimination of those who are concerned with or responsible for the dissemination of music yields surprisingly easily. In folk music too, as in classical music, the exploration of the existing treasury of values has to be done with more perseverance (and advisement?) for the benefit of the public and of contemporary musical life in general. At bottom, if it is possible to speak of a proliferation of kitsch, this involves, perhaps more in music than in some outlying salons for paintings, very big concert halls, in which programs of so-called folk or light creation, lying below the limit of the most well-disposed requirements, are presented. That those halls are nonetheless filled, while some--in which undeniable values of Romanian and international music are offered--are empty, sets one to thinking.

Musical education, in school, in the concert hall, through the mass media--radio has remarkable accomplishments in this regard--still remains a problem, whose solution is required by our country's cultural policy itself, aimed at forming the multilaterally developed human personality. A personality open to all the authentic values, capable of molding the public to the highest degree.

Consequently, if we try to answer the initial question--what is the place of music in the context of contemporary Romanian art?--we cannot do it without taking the public as an essential element of reference. This matter was stressed, in a timely fashion, in the theoretical--we hope, also practical subsequent--conclusions in the discussions held on the occasion of the abovementioned symposium included in the program of the Days of Romanian Music. A symposium that was situated among the actions of unquestionable interest at this comprehensive and valuable cultural event.

P.S. University Prof George Pascu, composer Alexandru Pascanu, musicologists Vasile Tomescu, Iosif Sava, and Mihail Cozmei, musical critic Liliana Gherman, Prof Carmen Chelaru, teaching personnel from the "George Enescu" Conservatory, etc. participated in the symposium.

12105
CSO: 2700/209

LEGAL PRIVATE RETAIL TRADING ADVOCATED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 25 May 86 pp 12-13

[Unsigned commentary]

[Text] The Federal Executive Council president's appeal to Yugoslav citizens to refrain from excessive trips abroad because of the country's situation, inasmuch as we are world champions with 21,407,891 outward trips a year, is certainly in order but is very unlikely to be obeyed. The simple reason is that the vast majority of Yugoslavs travel abroad not in search of entertainment and luxury but rather for purely economic reasons. When personal material interests collide with patriotism, we know what gives way as a rule.

Crossing the border for the sake of petty trading has become a Yugoslav mania on the widest scale. Instanbul, Bucharest, Warsaw, Munich, London, or any other international city can become and remain a mecca for our nominal tourists, depending on the rate of exchange or advantages offered by merchants.

The facts are impossible to determine with exactness, but even the most cautious estimate assumes that the 15,000,000 travellers (outside of traffic by persons living near the frontier) remove at least $100 from the country every time they travel. For Yugoslavia, this is an enormous sum, more than the official hard-currency inflow from tourism. It would be a good idea to determine exactly how many people travel on official business; each trip is unlikely to cost less than $500, and we can assume that such trips number in the hundreds of thousands.

So how much can be achieved by an appeal, even from such a serious place, when personal earnings are in question and when it pays for a Yugoslav to cross the frontier just for 3 kilograms of coffee at half the price of the junk sold to us by our own monopolists?

Whenever these data cause us to reflect on what to do, the ideas that immediately come forth by inertia are to forbid, to control, to fleece travellers via customs charges and penalties, despite the fact that such solutions have proved several times to be bad and untenable.

The Federal Executive Council president cited data on the behavior of citizens of other countries. The number of trips across the frontier equals 95 percent of the population in Yugoslavia, 15 percent in France and Greece, 32 percent in England, and only 40 percent in "globetrotting" West Germany. However, a Greek or French or German woman can buy domestic or imported boots if she wants to in her home town; coffee is always available and is not a means for the government to patch the holes in its budget; their farmers need not travel abroad every time they need a bolt for a tractor; and so forth. Couldn't our Federal Executive Council employ one of its doctors of economics to figure out whether organizing imports of consumer goods would be better than all the phony Alligator shirts and Nike running shoes from Istanbul and Sony television sets and videorecorders from Munich? Let this commerce be entrusted to private traders if there is no other way. In any case, the dollars are being swept up by private traders, foreign ones, who attract Yugoslavs with advertisements in our publications and "We Speak Yugoslav" signs in display windows.

Finally, we are talking about at least $2-3,000,000. The country needs to find some way to control this outflow. What sort of a trump card would that be now, when those who accept our dollars from "grey-market" imports are insolently pushing us out of their own markets? In any case, permit us to advise the government to avoid the easiest solution--prohibition--by all means, because nothing will be gained thereby.

Since we are capable of smuggling, why not let us trade, legally, to the benefit of both ourselves and the community, instead of gilding Istanbul storefronts and enriching the petite bourgeoisie of Austria and West Germany?

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COMMENTARY DECRIES 'WITCH-HUNTING' EFFORT

Belgrade DUGA in Serbo-Croatian 31 May 86 p 4

[Commentary by Dragan R. Markovic]

[Text] A renowned witch-hunting handbook of 1486 begins with the statement that "belief in witches is such a fundamental part of the Cathlic religion that a stubborn opinion to the contrary will obviously give rise to the suggestion that heresy is in question." Satan and witches are as much a part of faith as God and angels, so a true believer cannot doubt either God or Satan.

The devil and his helpers are here, around us, they just need to be uncovered, e.g., among listeners to foreign radio stations; among persons employed in "health and social services, as well as in the cultural field," who constitue the "social basis for the real policy of our 'united opposition'"; in articles in "DANAS of Zagreb, MLADINA of Ljubljana, or KNJIZEVNE NOVINE of Belgrade, not to speak of KNJIZEVNA REC or STUDENT"; in a flood of "anti-Soviet and even anti-Russian historical writing without precedent in the history of--let us say--Serbia; etc., etc. The citation are from Ervin Peratoner, "The Influence of Foreign Propaganda on the Formation of the Ideologies of Our 'Middle Classes'" in the LCY journal SOCIJALIZAM, No 4, 1986.

The article is a textbook example of the current obsession with the devil, presaged by the "white book" [denunciation of numerous contemporary writers]. If socialism is a religion, then witches have to be found.

/6662
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PARTY DAILY REPORTS ON FIRST NATIONAL ROCK FESTIVAL

Prague RUDE PRAVO in Czech 3 Jul 86 p 5

[Article by Zdenko Pavelka: "Rock in the Palace of Culture"]

[Text] From 28 June to 30 June the Palace of Culture in Prague was devoted to the first national review of rock music under the slogan "Rockfest 86." On 6 stages, including the Congress Hall, more than 80 amateur and professional groups--comprising virtually 500 participants--were introduced over a period of 3 days.

The core of the Rockfest was an interpretative competition of amateur groups. In the national finals 17 groups, selected from all areas of the CSR, competed and, with only 2 or 3 exceptions, the level of performance was truly good. This is attested to by the compromise decisions of the judges, who expressed their high appreciation to five groups without listing their sequence. These groups were the Prague "Bossa nova," the Brno "Z kopce," the East Bohemian "Genesis," the "Yetti" group, which essentially belongs to North Bohemia, and finally, the Prague "Vitacit" group. It can be written that these five names sort of indicate that contemporary rock music is going in several directions: from the melodically most specific position of "Genesis" through the rolling rhythms of "Vitacit" (now, the popular label heavy metal is used for this type of music) all the way through the musically most thoughtful "Bossa nova." Of the groups which did not win, I would list at least "Parament" for its unostentatious efforts to achieve a lighter position, as well as the sympathetic group of "Sonya and Karel."

The unprecedented concentration of Czech rock music (and, thanks to the presence of Tublatanc, also of Slovak rock music and, through the presence of four guests even rock music from abroad) under one roof, however, offers a number of comparisons and considerations, beginning with musicology and ending with sociology. The review was decisively influenced by the fact that, in contrast to the 1970's, when rock music was intensively seeking common paths with its older brother jazz, this decade is reflected much more as an independent development of both offshoots (as well as sources) of entertaining music; rock music returned to more simple expressions. However, I would say that, as far as public accounting is concerned, a more suitable creative form comes off better--I refer to the almost sunny sweet reggae music of the "Babalet" group and the ironic child of the big city--a mixture of blues, rock, and folk music as presented by the Krausberry Group (they received a special prize of the Rock Competition for this year).

Things that were more interesting but, nevertheless, generally exclusive, were offered in the Chamber Music Hall under the fitting title: "Along the Margins of Rock." For this time, I shall not evaluate such reconstituted professional groups as "Olympic," "Syncopation," or "Citron," the latter being carried by the current wave of success.

"Rockfest 86" deserves a few words with respect to the organizers and its dramaturgy. Essentially, one fairly long chapter is drawing to a close, during which the Socialist Union of Youth was seeking a method of devoting its attention to rock music as an attractive genre and, at the same time, a component of the interest activities of young people, with more or less success. Meanwhile, Rockfest this year served to verify the opportunities; for example, starting next year, the interpretative competition should be handled the same way as that pertaining to the "Porta" (kraj or regional rounds). The same is true of the dramaturgy of the reviews, in part or as a whole. This year they specifically rehearsed. It is possible that the Community Hall with its bare parquet floor is best suited to simple rock, as presented by "Vitacit," "Coda," "Titanic," etc. In the Congress Hall, on the other hand, primarily well-thought-out and put-together peak performers should be featured so that the possibilities of a quality show and good listening would find fulfillment among the audience. The rest of the arrangement was generally suitable, including the happy idea of having one stage in the foyer. Particularly with respect to the technical side, the Palace of Culture turned out to be an installation which has no competition with respect to a similar review; the environment here also plays its role in affecting the audience.

On balance, although Rockfest was not 100 percent for the first time, it did point to an important subject. It is not necessary for rock music to languish somewhere in dark corners; methodological, dramaturgical, and organizational assistance is clearly of benefit to it. In its more cultured and more accessible form, it may possibly lose a few followers who have no taste for easily accessible fruit--however, that would be quite another consideration, one which would truly be psychological-sociological in nature.

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East Europe Report

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ROBOTICS APPLICATION IN AGRICULTURE, FOOD PROCESSING INDUSTRY

East Berlin AGRARTECHNIK in German Vol 36 No 6, May 86 pp 195-197

[Report by Dr of Engineering G. Andres and Dr of Engineering W. Erdmann, both of the Chamber of Technology]

[Text] On 21 and 22 January 1986, the committee of experts on robotics of the KDT [Chamber of Technology] trade association for agriculture, forestry and food processing equipment held the 1st Scientific-Technological Conference on the Use of Robotics in Agriculture, Forestry and the Food Processing Industry, in conjunction with the KDT combine activist group of the Agricultural Equipment Repair Combine and other expert organs of the KDT. Some 400 specialists from all sectors of agriculture, forestry and the food processing industry, other branches of the GDR economy as well as specialists from the CSSR, the People's Republic of Poland, the People's Republic of Bulvaria and the Korean Democratic People's Republic attended the conference.

Thirty-seven lectures both to the plenary meeting and the two sections dealt with key issues of the development and deployment of robotics, sensor and control developments and also presented examples of robotics use.

Plenary Meeting

To introduce the plenary meeting, Comrade Simon, deputy minister for Agriculture, Forestry and Foodstuffs reported on the satisfactory results so far achieved with regard to the development, production and use of robotics in agriculture, forestry and the food processing industry.

Research and development collectives in enterprises and facilities were able up to now to develop and transfer to production 31 types of multiple use robots for the specific requirements of agriculture, forestry and the food processing industry. They include the following:

-- Remilking and milking equipment removal robots NAR/M 623-IV (developed at Karl-Marx-University Leipzig on behalf of the Elsterwerde Impulsa Plant Construction VEB)

-- Net weighing robot WR 2/A-IV and mesh bag filling robot NBR 1-IV for apple preparation

- Moisture meter and sampling robot FPR 1h-IV for grain reception
- Programmable stacking robots for wood and cardboard boxes SIR 1-I
- Technological unit for producing liquid eggs TIR 20 p-IV
- Egg packing robots EAPR 1-IV
- Robots for packaging jars and cans in cardboard boxes
- Stacking and turning line for soft cheese production ST UW 1-IV
- Lumber processing robots SAM 1-IV
- Process specific loading robots for machine tools and analogous uses BR 10h=III and BR 20p-III
- CO_2 -coating welder robots for repairing components SR 05-IV
- Freely programmable technological robot for the automation of unscrewing for dismantling purposes DSE 1-II.

In 1981-1985, 3,205 robots were produced and 3,180 robots deployed in agriculture, forestry and the food processing industry, including 1,935 remilking and milking equipment removal robots. To be mentioned in particular is the contribution of the central robot construction unit for agriculture, forestry and the food processing industry, that is part of the Farm Equipment Repair Combine VEB. It produced 87 percent of all robots. It will be imperative to further strengthen central robot construction in both volume and quality. This applies specially to

- The further expansion of the material-technological base for the development and production of robots
- The comprehensive use of computer backed work for the efficient development of robot equipment at the best possible quality and for production preparation
- The increasing use of robots for the production of components and subassemblies for robot equipment
- The planning of complex technological solutions for the use of robot equipment and for making available the robots needed for that purpose.

Rationalization aid construction in all combines and enterprises must provide further contributions.

The widespread use of robot equipment in agriculture, forestry and the food processing industry was largely encouraged by the creation of persuasive models at such enterprises, for example, as the Walter Schneider VEG [state farm] Eisleben, the LPG (T) [livestock production agricultural producer cooperative] Jaenickendorf, the Fresh Egg and Broiler Production VEB Koenigs Wusterhausen, the Poultry Processing VEB Neubrandenburg, the Equipment Combine for Beef Cattle and Pig Plants VEB Nauen, the Agricultural Equipment Repair Works VEB's Jueterbog and Gerbstadt and the Kreis Enterprise for Farm Equipment VEB Bitterfeld. It will now be particularly important by the use of robot equipment to provide a greater contribution to the further rise in output of agriculture, forestry and the food processing industry and, at the same time, obtain greater manpower savings in the specific conditions of agricultural primary production and processing. The following fundamental orientations need to be kept in mind:

-- All efforts must be further and resolutely pursued and heightened so as to expand the field of application for process specific robot eqwuipment. That includes the application of already developed robots to related fields.

-- More than in most other sectors of the national economy is it imperative to develop, test and use specific sensor and claw-feed systems in conjunction with 2d and 3d generation robots.

-- In order to achieve better economic effects, it will be necessary in 1986-1990 to work out more complex solutions for using more robots in self-contained technological lines and increasingly linking robot equipment with microprocessor equipment for the creation of production monitoring and control systems.

-- Fundamental work must begin on the future use of freely programmable and autonomous agriculture robots for general use in livestock production, hothouse management, truck gardens and orchards.

The use of robot equipment must be substantially increased in 1986-1990. It will therefore be necessary for all combines and enterprises to further strengthen the collectives for object concrete use preparation. On the one hand it is imperative to resolutely pursue the use of already developed and tested robot equipment at a steadily improving quality, on the other we must ensure the rapid and efficient use of newly developed robot equipment.

Taking as his cue the challenges of the 10th and 11th SED CC Plenum with regard to the steadily more effective use of key technologies in all spheres of the national economy, the speaker elucidated the main directions of robot use in conjunction with the microelectronic monitoring, control and accounting of production in the various sectors of agriculture, forestry and the food processing industry in 1986-1990. He clearly showed that the use of robotics in agriculture, forestry and the food processing industry is still in its infancy, and that the field of application of robot equipment must be significantly expanded in 1986-1990 by active and creative work, extensive initiatives of the collectives with regard to research and development, design and production as well as the preparations for the use of robot equipment.

In summation, the speaker emphasized the following tasks in particular:

-- The GDR Academy of Agricultural Sciences (AdL), the Scientific-Technical-Economic Center VEB (WTOeZ) of the Food Processing Industry and the scientific facilities of the centrally managed combines and VVB's [associations of state enterprises] must intensify their research and development work to speed up the necessary scientific-technological approach to the development and use of robotics in complex and reorganized technological segments. This research and development approach includes:

  The preparation of studies and process analyses for the scientific mastery and optimalization of the operations as well as the working out of the algorithms for process control

  The planning of robot backed equipment for the creation of complex solutions accompanied by the inclusion of computer backed production monitoring, control and accounting

  The development and testing of robot equipment for new fields of application by the use of new operational principles, including the creation of farm specific sensor and claw-feed systems and the transfer of tested A4 performances to the robot construction of agriculture, forestry and the food processing industry. At the same time it will be necessary to reinforce the advance work on 2d and 3d generation robots.

The centrally managed combines will have to provide a greater contribution to the development of robotics. The Center for the Application of Microelectronics (ZAME) at the Farm Equipment Repair Combine VEB must tightly organize, speed up and unreservedly guarantee the transfer of completed A4 performances to robot construction in the combine or other enterprises of agriculture, forestry and the food processing industry, in close cooperation with the AdL, the WTOeZ VEB's of agriculture, forestry and the food processing industry and the scientific facilities of the centrally managed combines and VVB's. The scientific facilities must actively cooperate here. ZAME must develop extensive activities for encouraging application in order to as per plan prepare the production and use of robots to satisfy the demand. Robot construction in the Farm Equipment Repair VEB must be further expanded with respect to volume and quality in order to achieve even lower costs of the production of robots coupled with the simultaneous improvement of their quality and reliability. Modular design must be increasingly used so as to simplify the maintenance of robot equipment. That applies most of all to control equipment. Attention is therefore drawn to the need for the far reaching utilization of the MRS 700 computer system produced by the Karl-Marx Numerical Control VEB (NKM).

-- The new and more challenging tasks with respect to the use of robots require the fundamental improvement of the standard of preparation for operation at all users. Efficient groups for the preparation of operation must therefore be established or reinforced at all centrally managed as well as bezirk managed combines. Based on earlier experiences, operational preparations must be expanded to complete technological lines in order to overcome the unduly specialized use of robots and achieve better economic effects.

Users must therefore more than hitherto meet their responsibilities for the development and use of robot equipment for their own engineering processes and, consequently, actively organize cooperation among the respective enterprises and facilities.

The report by Professor Priebe, doctor of agricultural sciences, Schlieben/Bornim Research Center for the Mechanization of Farming, noted that the use of robots in agricultural primary production displays some specific features. Generally these require the greater use of sensors. In these circumstances, efficient robot use needs comprehensive process analyses to begin with, in order to purposefully prepare the complex use of robots. The speaker pointed out that the sensors and data processing for industrial developments do not meet the needs of the process of agricultural primary production. It is therefore necessary to develop specific sensors. Primary processing, storage and marketing facilities for potatoes, fruit and vegetables as well as for livestock production were cited as the key issues for agricultural research in the field of robot use.

Senior Engineer Voelzke, Farm Repair Combine VEB, spoke of the experiences gained in the development, production and use preparation of robot equipment in 1981-1985. He summarized them as follows:

- Up to now 20 different types of robots have been developed. It became obvious that more advance research is required.

- The requirements on the new equipment must be deduced from future technological developments and set out in good time in the form of coordination agreements with the users of the robots.

- Shorter development and transfer delays call for the readiness to take risks, for confidence and comradely cooperation by all the partner involved in the process.

- Model solutions must be created as persuasive first steps to widespread application.

- The best experiences were collected wherever the social forces were involved from the outset and the creative initiative of the working people allowed to develop.

Dr of Engineering Opitz, Karl-Marx-Stadt Technical College, demonstrated a flexible assembly system for machine tool subassemblies (assembly cell). He noted that, by comparison with other part processes, the automation of assembly makes greater and qualitatively new demands on production preparation and manufacturing equipment. The core of the assembly cell is a freely programmable industrial robot. Other part systems help make available components and produce connections. Jointing mechanisms are needed to counterbalance positioning inaccuries of the part systems and the tolerances of the components.

Certified Engineer Schubert, Central Industrial Plant Construction for Metallurgy VEB (ZIM), presented the technical parameters of the ZIM product line ZIM 10-1, ZIM 60-1, ZIM 69-2 and ZIM-PORTAL. He also described peripheral and claw-feemodular units and sensors offered by the ZIM VEB. In conclusion he pointed out that vertical and horizontal bent arm robots are in the course of development as 2d and 3rd generation robots for welding processes.

Basing on evident development trends in the manufacture of components and equipment as well as on the explanation of the general functionm of the CCD [charge coupled device] line-scanning camera, Certified Engineer Zischank, Ilmenau Technical College, reported an example of the use of a CCD line-scanning sensor in the furniture industry.

Engineer Pasek (CSSR) reported on the results of the use of microelectronics and robotics in Czechoslovak agriculture. The following are considered key issues for further developments:

- Production monitoring and control device for milk production
- Microelectronics and robotics in livestock keeping.

The lecture by Senior Engineer Wernsing, NKM, dealt with technical data and special applications of the NKM VEB control families as well as the fields of application for the controls and the criteria governing their choice.

Certified Engineer Zoephel, Fresh Egg and Broiler Production Koenigs Wusterhausen VEB, described an example of complex robot use and the utilization of microelectronics in the poultry production assembly line. By comparison to 1975-1980, this complex robot use enabled the VEB to raise labor productivity by 100 percent.

A lecture by Certified Engineer Albert, Dairy Combine Frankfurt(Oder) VEB, concluded the plenary session. He described the broadly effective utilization of microelectronic controls for robot backed production processes and management experiences gained by means of the milk bottling line for the preparation and execution of rationalization measures.

Section 1: Robotics in Agricultural Primary Production and Product Processing

The contributions in this section concentrated on basic technological solutions for robot backed process segments in agricultural primary production and product processing.

Relative to the first group of topics dealt with in this section, lectures by specialists from the WTOeZ of the Meat Industry Magdeburg VEB, the WTOeZ of the Dairy Industry Oranienburg VEB, the WTOeZ of the Cereal Processing Industry Berlin VEB, the Industrial Livestock Production Berlin VE Combine and the VVB Seeds and Seedlings Quedlinburg provided a survey of the status, further development and use of robotics in the respective sectors. Also in this session, Dr of Agronomy Valentin, Engineering Office for Poultry Management Berlin VEB, described successful cases of the use of robots and future key points of robot development and the use of microelectronics in industrial livestock production.

Relative to the second group of topics, basic proposals were presented for the use of robots in milk production, meat processing, canning, cheese production and fruit marketing. Two contributions dealt with the use of robots in forestry. The following examples offered in this group of topics:

-- The use of tipping bowl milk volume measuring devices for the detection of individual milk yields and the control of remilking and milking equipment removal robots (Dr of Engineering Preuss/Dr of Engineering Beyersdorfer, Institute for Beef Cattle Production Iden-Rohrbeck)

-- Robotics in the food processing industry (Engineer Skalicka, CSSR)

-- Experiences with the use of programmable controls with regard to fruit marketing (Engineer Froelich, Agrotechnical Repair Works Naumburg VEB)

Section 2: Robotics in Maintenance and Rationalization Aid Construction

Outstanding examples were cited in this section with respect to robot use in subassembly repairs, the servicing, care and maintenance of rail vehicles and the realization of complex rationalization measures and manufacturing processes.

Dr of Agronomy Lehnert, Agrotechnical Repair Works Jueterbog VEB, presented the example of complete robot deployment for the disassembly of motors in his enterprise. These rationalization measures were based on the settlement of the following problems related to the increase of the efficiency of motor repairs and the improvement of working conditions:

-- Internal and external cleansing of the motors before disassembly
-- The flexible mechanization of the screwing processes
-- Mechanized transportation.

These rationalization measures achieved a rise to 135 percent of labor productivity, the relative freeing of six workers and a 1.32 year extension of the life of the motor. Eight work stations with unpleasant working conditions were eliminated.

Professor Rehnert, Friedrich List College for Transportation Dresden, provided a survey of the many and varied uses of robotics for the maintenance and repair of rail vehicles. These are very similar to the processes for repairing mobile farm equipment. Welding, assembly, coating, handling and transportation are the key points for the use of robots.

The future development of robotics is expected to emphasize the unity of microelectronics, robotics and CAD/CAM technology. It was explained that systematic process analyses are bound to be the starting points for the use of robots with regard to the maintenance and repair of rail vehicles, too. The greatest efficiency in the use of process specific robotics was said to have been achieved in technological units.

Certified Engineer Ruemkler, Agrotechnical Repair Works Schwerin VEB, reported about a flexible and sensor controlled repair system for electric motor armatures.

Dr of Agronomy Schurig, Agrotechnical Combine Erfurt VEB, presented another flexible repair system for reprocessing harrow tines. The core of this technological unit is a reducer roll with manipulator. Two BR 20 p Robots take on the operational function in the technological unit. The necessary reprocessing step is fixed by means of the automatic classification of the harrow tines.

Certified Engineerg Maul, Kreis Agrotechnical Enterprise Vogtland VEB, used the example of tailgate manufacture to present fundamental methodological considerations with regard to the ascertainment of the use value of complex automation measures complete with robot use. In addition to engineering-technological and factory management aspect, the achievement of the greatest possible efficiency required above all an adequate volume and the stability of production.

The two subsequent lectures dealt with examples of the use of robots in the manufacture of component parts and the construction of rationalization aids. Engineer Lenke, Agrotechnical Repair Works Jueterbog VEB, demonstrated examples of his enterprise's use of robots for component manufacture. The modernization of program controlled machine tools by the integration of flexible robot equipment is characteristic for these applications (a robot directly flange-mounted on a DRT 80 drum lathe carries out the automatic loading and unloading of work pieces from storage; the automatic delivery of bars to an abrasive cutting-off machine; a machine integrated variant analogous to the first edxample). The modular pneumatic BR 20 p robot has done very well with regard to these tasks.

Certified Engineer Busch, Rationalization Aids Crop Production Combine Sangerhausen VEB, cited the production program of his enterprise to demonstrate the necessity for using microelectronics and robotics for in-house production processes. He presented selected technological units and spoke of the experiences gained in their preparation for future use.

The last group of lectures dealt with the use of technological robots for repairs. Engineer Arndt, Agrotechnical Repair Works Gerbstedt VEB, described a further developed technological unit for the manufacture of clutch carriers and the regeneration of clutch covers. The basic technological operations include turning, boring, deburring, hardfacing and refinishing.

Certified Engineer Jagusch, Combine for Horticultural Equipment Berlin VEB, reported first experiences of the use of ZIM robotics by citing the example of a welding work station. During tests, 30 different subassemblies with batch sizes of 20 pieces (measurements up to 700 mm x 500 mm x 190 mm) were produced at this welding work station. The length of weld did not exceed 100 mm. The results achieved were as follows:

-- The required quality of the welds was assured.

-- Curved welds are not possible if the radius is less than 30 mm.

-- The cost of the manual drive of the welding process with subsequent programming depends on the complexity of the weld construction and amounted to 1-8 hours.

-- The weld quality is guaranteeed at a permissible burner deviation of plus or minus 0.5 mm. This implies greater demands on the hardening or design of the subassemblies to be welded. For these reasons it is advisable for the weld length not to exceed 300 mm. In these circumstances it is at present impossible to weld bent components and sheet components.

Another lecture by Certified Engineer Zenker, Testing and Experimental Enterprise Charlottenthal VEB, dealt with experiences and conclusions regarding the further use of technological robots for hardfacing at the various levels of repairs. The machine system developed for this purpose includes the following types:

-- DV1 rotary device for manipulating robot components
-- SR 06 welding robot
-- ASR 1-II hardfacing robot.

The most important technical parameters were enumerated for all types and the most promising applications demonstrated. As for the preparation of their use, suggestions were offered regarding assortment analysis and the planning of the management-organizational and technological procedure related to the use of hardfacing robots.

In conclusion, representatives of both sections praised the interesting and intersectoral exchange of experiences as having been successful and fruitful. The examples, experiences and suggestions presented in the various lectures were considered an important basis for future work. The following further tasks were mentioned:

-- The achievement of an even better quality of robot use

-- The creation of complex automation solutions in the combination of microelectronics, robotics and CAD/CAM technology

-- The preparation of the use of 2d and 3d generation robots in the form of the utilization of assembly line produced, process flexible and in-house developed process specific robotics as well as the further development of control, claw feed and sensor equipment.

While the conference was in session, a poster exhibit informed attendants about the results achieved by collectives in the development and use of robotics in the specific circumstances of agriculture, forestry and the food processing industry. Intensive discussions by experts helped exchange experiences and provide many stimuli for the widespread application of these results.

Selected contributions to this exhibit are presented in this issue following the above report.

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ECONOMIC, MANAGERIAL ASPECTS OF FOOD INDUSTRY COMBINES VIEWED

Moscow/East Berlin INTERNATIONAL ZEITSCHRIFT DER LANDWIRTSCHAFT in German No 3, 1986 pp 213-215

[Article by Prof Dr of Sciences Guenter Erk, first vice chancellor; Dr Fritz Krull, College for Agriculture and the Foodstuffs Economy in Bernburg, chief assistant; Dr Martin Schenk, chief director of the dairy farming combine, Frankfurt/Oder; and graduate agricultural economist Hans Fischer, first deputy to the combine director of the VEB slaughter and processing combine, Eberswalde/Britz: "The Combines of the Foodstuffs Economy in the GDR"]

[Text] In recent years, the economic organization as well as the management, planning and economic accounting in the foodstuffs industry of the GDR were further improved. In this branch of the national economy as well, it is thereby a matter of establishing all of the preconditions for the successful implementation of the economic strategy of the SED for the 1980's as presented by Comrade Erich Honecker, general secretary of the SED Central Committee, in his report to the 10th Party Congress. The measures that have been introduced promote the comprehensive intensification of production and ensure a continued high increase in efficiency as well as the progressive socialization of production and labor in the foodstuffs economy.

The performance of the approximately 133,000 workers of the foodstuffs economy indicates that the improvement of the socialist production relations is proving successful and guaranteeing the necessary latitude for the development of productive forces. In 1984, then, the processing of the agricultural ouput was increased by an ample 7 percent relative to 1983 and, at the same time, the quality of the products was improved through a higher consumption value and an increasing degree of processing and preparation. The production volume of the foodstuffs economy increased to about 46 billion marks with an increase of about 6.5 percent for both labor productivity and net product combined with a cost reduction to 99 percent, including a reduction in the energy cost from 2.3 marks per 100 marks of commodity production in 1983 to 2 marks in 1984. Thus in 1984 as well, in close cooperation with the cooperative farmers and agricultural workers, the workers in the foodstuffs economy helped to ensure the stable provision of the population with foodstuffs in accordance with demand while per-capita consumption further increased and to achieve an increase in economic output with a more favorable relationship between expenditures and results.

In the case of the measures introduced in recent years to improve the economic mechanism, it was a matter of applying the proven theoretical knowledge and practical experience meaningfully in establishing and consolidating the industrial combines in the foodstuffs economy. The combines are proving themselves more and more as the suitable economic-organizational, economic and social units to express the comprehensive intensification in developed socialism. They integrate the production stages necessary for the final products under the central responsibility of the general or chief director. They are usually directly subordinate to the ministers, receive binding state plan targets, and work in accordance with economic accounting. The crucial components of the relatively self-contained reproduction process of the combines also includes the necessary research and development potential of its own, planning, the creation of the means of rationalization as well as facilities for effective sales and also for the social care of the working people. The combines are divided into enterprises that are economically and legally self-responsible and with which the workers feel themselves closely linked.

Standards for the work of the combines include the main national economic indices such as their net production on the basis of marketable and demand-oriented produced goods for the national economy, for the population and for export, the level and rate of increase of labor productivity, or the utilization of material and resources.

The foodstuffs economy in the GDR includes the eight industrial branches and sectors that immediately work and process or store agricultural raw materials. They are subordinate to the Ministry for Agriculture, Forestry and Foodstuffs. Involved are the meat industry, the dairy industry, the grain processing industry, the egg and poultry industry, the sugar industry, the starch and potato-processing industry, refrigeration and warehousing, and the processing of animal raw materials and fur farming. The fruit and vegetable processing industry as well as the baked goods and beverage industry are managed by other ministries.

In the foodstuffs economy, the following specifics must be considered in the formation and consolidation of the combines:

1. The products of the foodstuffs economy are primarily basic foodstuffs that must be made available to the consumer daily with a high degree of freshness and as demanded with respect to quantity, assortment and quality. That requires a close cooperation of the enterprises and combines of the foodstuffs economy with the socialist agricultural enterprises, trade institutions and transport enterprises and also requires the shortest commodity routes. Real planning and balancing of the available commodities, ordering systems capable of reacting, an adequate storage capacity and prompt delivery through rationalized route plans accelerate the intensification process and are becoming increasingly important. The aim should therefore be to have perishable foodstuffs and those that are costly to transport produced near the consumer. It has worked out well that the enterprises of the meat and dairy

industry, the egg and poultry industry and the grain processing industry take over the responsibility for the demand-oriented and reliable provision of the population in a certain territory with the full product assortment.

2. The foodstuffs economy has the task of processing agricultural production to suit the consumer, with the lowest losses, the least possible expenditures, and a high degree of processing, which results in very close relations with agriculture. The qualitative and quantitative parameters and the cycle of the availability of agricultural raw materials as well as the transportation to the processing enterprise influence the efficiency of the foodstuffs economy. There is a strengthening of the ties of the foodstuffs enterprises to the sites of agricultural raw materials production and there is more development of friendly cooperation between the LPG's [agricultural producer cooperatives] and VEG's [state farms] and the enterprises of the foodstuffs economy on the basis of cooperation agreements.

3. The ensuring of a demand-oriented and reliable provision of the population with foodstuffs remains a basic task of the local state authorities in the districts [Kreisen] and regions [Bezirken]. On the one hand, they resolve this task in close cooperation with the enterprises and combines of the foodstuffs economy by way of democratic centralism. On the other hand, they also manage and plan the agricultural raw materials production in the territory. Consequently, an appropriate form of solid management relations must be ensured between the councils of the regions and combines of the foodstuffs economy.

The effect of these specifics is that the positive experiences of GDR industry in the establishment and consolidation of centrally managed combines directly under the minister and with a relatively closed reproduction process can be directly applied for only part of the foodstuffs economy. A modified system for the formation of combines had to be introduced for the foodstuffs branches that have extraordinarily close ties to agriculture and to territorial supply under the management of the local state authorities. It must respect the named specifics and also put into effect all possible advantages of the relatively closed reproduction process of centrally managed combines.

Consequently, the system of the economic and managerial organization of the meat, dairy and grain processing industries as well as the poultry industry is composed on three interlocking main components:

1. In the four branches named, the branch-specific combine subordinate to the respective regional council and having its enterprises distributed throughout the region is the basic economic-organizational form. The combine is closely linked with the supply installations on the one hand and with the LPG's and VEG's on the other. This best meets the requirements for a stable demand-oriented supply of foodstuffs in close cooperation with the cooperative farmers and the requirements of increasing efficiency in the process of comprehensive intensification. In this sense, there is now a total of 58 combines with about 106,000 workers in about 400 enterprises working in the 14 regions and in Berlin, the capital of the GDR.

2. For each of the four branches, a VEB scientific-technical-economic center (WTOeZ) operates in support of the combines under regional management. They are directly subordinate to the minister for agriculture, forestry and foodstuffs for the centralized branch-related resolution of certain processes and tasks. In close cooperation with the combines managed by the region, they ensure specifically for the branch for the dairy, meat and grain processing industry as well as the egg and poultry industry:

—research and development for new technologies and products on the basis of the highest scientific-technical level and the proposals submitted for price formation;

—the central branch coordination of the production of the means of rationalization and the determination of the demand for machinery, installations, packing material, and specific auxiliary materials;

—the central balancing of the raw materials and finished products of the respective branches and the ensuring of a uniform investment policy in the branch;

—the generalization of the best experience as well as the elaboration and testing of new solutions in the application of socialist enterprise management and the carrying out of central comparative performance appraisals, economic analyses and specific management information;

—the coordination of branch-specific measures for training and advanced training and of effective documentation and information for science and technology.

3. Under the regional councils, in the qualified guidance and support of the regionally managed combines of the meat, dairy and grain processing industry as well as the egg and poultry industry, a foodstuffs department is effective in each case. These departments ensure the preparation of state management decisions on the development of the foodstuffs economy in the respective regions. They support the implementation of the public measures for the stable demand-oriented supply of foodstuffs in the region and organize the control.

This cooperation is explained using the example of the Frankfurt/Oder dairy farming combine.

In 1984, the combine processed a total of 345 kilotons of raw milk with a fat content of 4.05 percent from 160 animal production LPG's and VEG's. The dairy farming combine with its 10 enterprises and its own fodder and milk inspection station works together very effectively in the cooperation union with the LPG's and VEG's. Milk output per cow was increased from 2,538 kg/cow in 1970 to 3,542 kg/cow in 1984 with an improving quality of raw milk. The combine has organized its own capacity for the production of the means of rationalization and is working closely and successfully with the WTOeZ of the Oranienburg milk industry on important innovative processes with its own scientific capacity—on whey leavening for the production of fodder protein, on the improvement in the use value of special cheese varieties, and on the increase in the protein content of the raw milk for special cheese. Half of the enterprises were able to achieve the title "Enterprise of Excellent Quality Work." An energetic struggle is under way under the leadership of the combine management in all enterprises for a large saving of material, a continuous reduction of prime costs, and the most economical use of packing material, energy and all auxiliary materials to achieve a low cost ratio and a high labor productivity.

For each five-year plan period, the development program for the combine is prepared by the combine management and the regional council and approved by the regional council. A large concentration and specialization of production was achieved in the individual combine enterprises. Eight enterprises receive all of the raw milk of the region through special milk tank vehicles. Seven enterprises produce liquid milk products (certified milk, mixed milk drinks, cream, etc.), two enterprises produce fresh cheese, three enterprises butter, two enterprises rennet cheese, and one enterprise produces liquid and solid sterilized milk products. This specialization permits the use of up-to-date technological lines with high labor productivity.

The greatest possible processing of the raw material milk is sought (increased production of condensed whole milk, fresh creamery butter and buttermilk curds and expansion of the assortment of fresh cheese and delicacies). At the same time, certain enterprises are also being modernized. Thus the Beeskow Sterilized Milk Works were expanded through the addition of a certified milk department, as was the Eisenhuettenstadt dairy through the production of fresh cheese, which led to a more stable supply with lower transport costs. The further development is characterized by the fact that

--the daily processing quantity in the enterprises is continuing to increase,

--the number of utilization directions per enterprise in increasing,

--there is an increase in the multiplicity of the assortments that can be produced within the individual utilization directions and the enterprises are increasingly adjusting to a broader spectrum of products of the basic and delicatessen assortments, especially in industrial and densely populated areas.

Thus large consumer centers can be supplied daily with the entire assortment of fresh products such as certified milk, mixed milk drinks, curdled milk drinks (yogurt, kefir, buttermilk), various flavors of cottage cheese as well as fresh cheese from one point with low transport expenditures and high reliability for the consumer.

There are thereby increasing demands on the preliminary conceptual work and on the coordination of the different processes by the local state authorities. The combine management prepares itself to develop management work further in accordance with the new requirements. Also foreseen is a greater utilization of electronic data processing to rationalize management and administrative processes.

The second form of combine development in the foodstuffs economy is completely in accordance with the principles of economic management in the advanced industrial combines of the GDR.

In the course of 1984, four centrally managed combines of the foodstuffs economy were established that are directly subordinate to the minister for agriculture, forestry and foodstuffs:

--the sugar combine,

--the starch and potato processing combine,

--the combine for the processing of animal raw materials and fur farming, and

--the refrigeration and warehousing combine.

The slaughtering and processing combine in Eberswalde/Britz continues to be among the centrally managed combines.

About 27,000 employees work in these five combines. The centrally managed combines meet all the preconditions for a comprehensive intensification. They have their own research, development and planning capacity (institutes and scientific-technical centers) as well as enterprises or capacities for the production of the means of rationalization and the necessary preconditions for marketing under their own responsibility, including foreign trade functions.

In close cooperation with their subordinate enterprise managers in the exploitation of the possibilities of their economic organization, the general managers of these combines concentrate on such tasks as the

--purposeful implementation of scientific-technical progress, modernization and the expansion of capacity in key enterprises so as also to provide even more favorable transportation for the increasing production of agricultural raw materials in the source regions,

--concentrated development and introduction of new processes and products that make possible a reduction of losses and a greater processing of the raw material, a lowering of energy consumption, and a demand-oriented expansion of the assortment, whereby the cooperation with agricultural trade enterprises is systematically developed,

--more systematic improvement of the management, planning, balancing, economic accounting and implementation of socialist enterprise management in the combine as a whole and in each combine enterprise.

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ACADEMICIAN BOGOMOLOV ON SOVIET ECONOMIC REFORM PLANS

Warsaw ZYCIE GOSPODARCZE in Polish No 24, 15 Jun 86 pp 1,13

[Interview with Oleg Bogomolov, director of the Institute for the Economics of the World Socialist System, USSR Academy of Sciences, by Eugeniusz Mozejko]

[Text] [Question] Eugeniusz Mozejko: The resolutions of the 27th CPSU Congress assigning the task of a basic reconstruction of the economic mechanism of the USSR, direct attention to those Soviet economists who will have the job--although not they alone--of developing the theoretical foundations of this mechanism. Would you describe the main centers and directions of economic thought in the Soviet Union?

[Answer] Oleg Bogomolov: The economic sciences in the Soviet Union are well developed, and tens, hundreds and even thousands of economists--scholars and practitioners--are working on developing the theory and its practical applications. But probably the most important center of both theoretical thought and design applications is the Economics Department of the USSR Academy of Sciences. Many important research centers, such as the Economics Institute, the Economics-Mathematics Institute, the Institute for Economics and Scientific-Technical Progress Forecasting, institutes of the regional branches of our academy, for example, the Novosibirsk Institute for Economics and Industrial Production Organization, are concentrated around this department. Furthermore, the Novosibirsk branch exercises management supervision over the branch institutes which are part of the State Planning Commission system, such as the GOSPLAN Economics Institute, the Institute for Comprehensive Transport Problems, the Institute for Energy-Fuels Problems, and the Council for Study of Productive Forces. In a word, the role of the Economics Department of the Academy of Sciences in developing the most important concepts of our economic strategy and the economic mechanism itself, is very large.

But I do not mean to say that everything is splendid in the economic sciences, that all of these centers are performing their tasks faultlessly. There are also certain inadequacies and failures which were criticized. Our party's Central Committee had some very critical things to say about the Economics Institute and the Economics-Mathematics Institute, for example. But as you yourself know, without the theoretical concepts which the Soviet economists developed over the years, it would be difficult to imagine such a broadly defined program as put forth by the 27th CPSU Congress. After all, it is based on the achievements of the economic sciences, including the study of experience in solving similar problems in other socialist countries.

Within the Department of Economics there is also the institute which I represent, the Institute for the Economics of the World Socialist System. Its task is to study and compare the economic and political processes which develop in a large group of socialist countries. Therefore, we are acting as a bridge between Soviet practice and the practice of other socialist countries. We study both our experience and that of our countries, make comparisons, and on the basis of such a very thorough examination of contemporary economic events we try to find and define general tendencies and rules.

[Question] Which groups, in your opinion, are particularly predestined to make a contribution to the development of the bases of Soviet economic reform? We know that some of them are especially involved in this matter, for example, mention was made of the Novosibirsk branch of the Academy of Sciences, and the institute which you personally direct.

[Answer] It is easier for someone on the outside to evaluate this. It would be hard for us to say who did more or less. It seems to me that we all try to make a real contribution to improving the efficiency of our economy. We have quite an efficient system of integrating the efforts of scholars. A state commission for improving the economic mechanism, economic reform, is functioning. Within the commission are government-approved science sections which are made up of leading scholars from the particular institutes. Not on the basis of the importance of a given institute, but on the basis of the achievements of the specialist himself. In this collective body bold discussions take place on all of the basic problems of our future.

[Question] Excuse me, Professor, but could you tell us a little more about this commission? How long it has been in existence, how large is it, who are its members.

[Answer] The commmission is relatively recent. In its new form it has been in existence for a few months, but even before that there was a kind of prototype of such a commission. Now a restructuring, if I can call it that, has occurred. Earlier there was a similar commission in the Politburo of the Central Committee, and in it were science sections. Because of a change in jurisdiction, the matter of the rebuilding of the economic mechanism is now under the competence mainly of the Council of Ministers. The Politburo commission was transformed into a government commission. It is made up of leading economists. The science sections are directed by Academician Gvishiani, for he is the director of the All-Union Institute of Systems Analyses which concerns itself with management problems. The commission members include Academician Aganbegyan, Academician Anchyshkin, and your humble servant (Professor Bogomolov points to himself), and many other scholars.

[Question] The Institute for the Economics of the World Socialist System, therefore, concerns itself with the study of economic systems in specific countries. You also said that the results of these studies cannot be mechanically copied, but certainly you consider some of them to be particularly.....

[Answer] ...instructive.

[Question] Precisely. And among these instructive experiences you mentioned, at your lecture before the Polish Economic Society, the GDR.

[Answer] I mentioned not only the solutions applied in the GDR. I often refer to the examples of other countries, such as Hungary... I even believe that certain management methods being applied today in China are instructive. Insofar as the GDR is concerned, unquestionably combines became the most effective forms of management, i.e., creations permitting a concentration of the entire technological cycle, or at least the basic elements of a specific type of production. The role of combines in the GDR is very important, especially as concerns the mastery of a new technique, or the acceleration of technological progress, and also as concerns the achievement of praise-worthy economic growth rate. But now we should evaluate the efficiency of an economic mechanism from the standpoint of the degree to which it assists in the execution of the intensification process. Results obtained in the GDR in the last 5-year plan show that large savings in fuels and raw materials per unit of production have been achieved, and also very high growth of labor productivity, over 6 percent a year, in industry. These are important indicators of the efficiency of the economic mechanism. Of course, in the GDR too, as in the other socialist countries, there is a need to improve existing forms of management and seek more successful solutions.

[Question] In your speeches you underscore the similarity of the directions of change in the economic mechanisms of the socialist countries, but in my opinion distinct differences are also apparent, differences which make it possible to single out two basic types: on one hand we have the mechanism based on central management, as in the GDR, where, it is true, combines have a great deal of autonomy but are centrally managed; on the other hand, we can name Hungary, which employs the market on a large scale. In your opinion, which type will Soviet reform represent? Or will it perhaps be a combination of both?

[Answer] Economic reform in the Soviet Union will ensue from those internal needs and problems which appeared recently. It will be, above all, a national response to the needs of the USSR society and economy, although it will also take into account the experience of other countries. We could use some kind of model developed in another country, or combine existing models, but in my opinion this would be a mistake.

[Question] I was not referring to a combination of existing, ready-made economic models, but rather to some kind of combination of theoretical concepts which could serve as a starting point in designing our own model.

[Answer] You see, sir, in theory considerable differences appear. In the viewpoints of Polish economists too, we can see two or three positions on the further improvement of your reform. Similar differences appear in other countries also. Nevertheless, we scholars should objectively analyze the processes and see not only the theoretical concepts but also the real practice--in Hungary, in the GDR, and in the Soviet Union. Sometimes theoretical concepts take desires to be reality, yet a very calm examination shows that although, quite naturally, a national specificity appears which reveals itself in real practice and also in theoretical models, various shadings appear in them. But everywhere we are dealing with both of the principles you mentioned: In Hungary and well as in the GDR, there is a striving for expansion of economic autonomy in enterprises, a conversion to self-financing systems. At the same time, many measures have been taken to strengthen the central management of the economy, the central economic authority. This does not mean that it has to manage exclusively with the help of directives and orders. This authority becomes less perceptible, in the administrative sense, if it is implemented by means of economic levers. And we see that that is what is happening in Hungary and in the GDR. At the same time measures are taken not to let central management go. By the way, in Hungary--although perhaps not all economists know this--the share of central investment outlays is very high, i.e., those investments whose implementation is decided by the state. The state grants or refuses permission for credits for the construction of new buildings or the reconstruction of existing ones. Therefore, the degree of centralization of authority in the area of investment is very high.

[Question] But in Hungary an attempt was made to increase the share of enterprises' outlays. Perhaps in Hungary this did not succeed only to the degree envisaged in reform.

[Answer] It is possible that they still intend to do so, but nevertheless, in all of these kinds of undertakings there are certain limits. In the case of Hungary this may be one kind of limit, in the case of the GDR it may be another. Differences appear in national traditions, in established structures. In any case, I do not see sufficient justification to talk about two or three different models of economic reform, about the collision of these models, about disputes or certain contradictions in the approach of particular countries. I think that this must be approached calmly. It was said formerly that the Soviet Union and the GDR, for example, represent one model, and Hungary, Yugoslavia and China represent another model. But a couple of years have passed and today I would not apply such distinctions because common economic needs occur which force us to go into more or less the same directions.

[Question] The Soviet Union has its own experience in reforming the economy. I am referring to the year 1965...

[Answer] That experience is useful, but at the same time it is already history. The reform then was not sufficiently comprehensive, nor was it adequate and consistent, and often it was implemented only halfway. But it had a positive influence on development. The growth rate of the Soviet economy during the 1966-1970 5-year plan was more rapid than during previous periods, although not all of this could be ascribed to the changes being made in the economic mechanism. Some of the ideas developed then still retain their significance. But now our approach to these matters is more comprehensive. The transformations being made are more decisive, and what is most important, we now are not separating economic solutions from sociopolitical ones, economic problems from social problems. We see everything as one large totality and note mutual relationships. We have even come to the realization that reform cannot be conducted without changing social consciousness and the consciousness of the management staffs.

[Question] It is said of Soviet economic reform that its basic principle is supposed to be the consolidation of central planning on the strategic level and the expansion of enterprise and association self-dependence. However, although the range of strategic decisions can be defined quite rigidly, the concept of enterprise self-dependence is very relative. What will this range be and on what, in your opinion, is this self-dependence supposed to be based?

[Answer] I don't know whether strategic functions can be defined so easily. It seems to me that here, too, there are many unanswered questions. The range of competence of the central organs and their role in managing the economy should be analyzed anew and the practice of replacing enterprises in the functions they perform should be stopped. All of these are rather complicated problems. The central authorities will have to indicate the limits of enterprise autonomy. In some countries these limits may be broader, in others somewhat narrower, depending on the concrete situation, on the state of balance. For example, in Poland we will have to repay our debts over a long period of time, and this means that a certain sum of money must be reserved for this purpose. Actually, a large sum, perhaps several billion dollars to service the debt and pay off the installments and interest. If we were to ensure full autonomy to enterprises in the use of their own foreign-exchange funds, the country would never be able to get out of debt. Thus, in this case, centralization is necessary. Such a problem does not occur in Czechoslovania, let us say, for its indebtedness is low. And there, theoretically, there can be greater freedom in the use of foreign-exchange funds by the particular enterprises. So these limits in large measure depend on conditions. But the assertion that the concept of your economic reform is similar to the GDR concept cannot be based on the fact that your state must centralize foreign-currency funds.

[Question] Certainly not.

[Answer] Precisely. We should apply more elastic criteria in evaluating ongoing processes. Therefore, on what, specifically, should the self-dependence of enterprises in the Soviet Union be based? Well, it is our goal to make them self-financing organizations so that they can meet all of their own needs out of their own income, including the need for expanded reproduction. We must approach such a goal in stages.

[Question] That means that in the future they should be able to finance their own expansion and investments?

[Answer] Yes. That applies also to investments. Enterprises should unconditionally manage their own funds for simple reproduction, i.e., retain all of the depreciation. And for expanded reproduction they should obtain credits or accumulate their own funds out of profit for the development fund.

That is the general idea. This does not mean that the state will not allocate funds for centralized investments, let us say, connected with environmental protection or development of infrastructure. The central economic authority must manage specific funds, otherwise it will not be...

[Question] I think that the state will also build new production plants.

[Answer] Production plants too, but construction can vary: the state may do this through its own central organs and it can also empower enterprises to establish branches, for example, to build a new plant somewhere. Large, completely new plants, will be built. Initially this will be done by the investor, the ministry, i.e., the state, and later the plants will be turned over to those who will operates the new facility.

This still does not define the limits of the enterprises' autonomy and authority. We want to give them the right to enter foreign markets and to establish direct ties with partners. We want to expand their authority to supply themselves, under contractual agreements, with indispensable raw and other materials and to sell their own products. The enterprises will probably obtain greater authority to fix prices--contractual prices. Here, too, autonomy will be expanded. We will probably not do what was done in Poland, i.e., immediately grant them maximum authority.

[Question] That is only in theory.

[Answer] In theory, because conditions do not allow this. We will go forward in such a way as not to lose control over some processes.

[Question] Experience has shown that enterprise self-dependence does not depend as much on official authorization as it does on the conditions in which the enterprise operates. Economic mechanisms on the state=wide level, such as the system of establishing prices and the financial-crediting system, play an important role here. What ideas is the Soviet Union considering for the establishment of such mechanisms?

[Answer] Our economists are generally in agreement that if reform is to succeed, all of the economic conditions must be created to meet these conditions, on the state level. These include a reform of prices as well as the currency-credit and financing system, reform of the producer-goods supply system, i.e., the wholesale trade of means of production, and finally, the establishment of new conditions for the development of organizational structures. Because if reform is to function correctly, its structural model must be defined: What is to be included in the large scientific-production associations of an interbranch character, and what the small and medium enterprises are and what their mutual relationships should be. Those are some of the starting conditions without which economic self-financing cannot function.

As for price reform, that is a complicated question. I can only express some thoughts on this subject.

In the opinion of Soviet economists, a price should not just--if I may put it this way--fix the sum of the real costs in these or other enterprises. We want the price to be an active instrument in the measurement of the overall economic costs of production, taking into account supply and demand as well as the question of balance. There will be certain deviations here, but nevertheless a price should be the real criterion of efficiency. And this means that it will be necessary to drastically change the ratio of prices. It is possible that we will giver greater consideration to world prices in establishing domestic prices. This is only a very general treatment of the problem. Price should also be an important factor in promoting technological progress; it should ensure benefits to both the producer and the user. New technology should be profitable to both parties. All of these factors should be taken into account. Because of this we face difficult tasks, for every price change, due to the complicated interbranch interdependency, has an impact on the entire economy. A change in wholesale prices also affects retail prices, produces social problems, etc.

As to the currency-credit system, reform is aimed at having our currency, the Soviet ruble, become an active instrument of management, so that what has happened in the past will not recur, i.e., that access to material is obtained and the money is not always there. Money is to be money. It is supposed to have coverage in material values and be an active instrument in management and division. That means that there must be accountability between the material resources of the national economy and the currency-credit funds. This is a complicated task and we will give thought to how it is to be solved. Here a great deal depends not on economics but on politics, on political decisions. I think that you know that in Poland, too, this is a complicated problem.

[Question] Our experience has shown that to what degree an enterprise can manage autonomously is influenced strongly by the availability of producer goods. As I understood, you are thinking in the Soviet Union about converting to wholesale trade in materials and means of production.

[Answer] Yes. There is such a concept, and there are even very detailed studies. Different areas of the economy will have somewhat different solutions. In the area of consumer goods and food, forms of market turnover, wholesale trade and others, will expand more widely, because small-scale cooperative enterprises may be included in the system of supplying goods to the population. It is possible that private--family, let us say--enterprises will also be included. Market mechanisms will function here too. They will play an important role in both supply as well as sales. Light industry and the food industry, in which the transition to use of contracts will be more rapid, is in favor of this, and supply and sales will be based on contracts between suppliers and the government. Contracts will be signed between the farm cooperatives and the procurement organizations, and between the farm cooperatives and the organizations supplying fertilizers, machines, etc. All of these forms of trade will be based on economic criteria and standards, and we will no longer divide resources, as has been the case until now, when it was important to receive a tractor, but it was not important how much this tractor cost. Because if one already has a tractor, the bank will always give a loan on it, and if someone is not able to pay off the loan, the bank amortizes it.

Insofar as specific branches of industry are concerned, solutions will vary. Naturally, as concerns fuels and raw materials, which are still in short supply, the system of rationing available stocks, on the basis of some kind of criteria, will be retained. Wholesale trade may be expanded in the producer goods area. The process of change will be gradual, in stages.

[Question] What role will the production enterprises and associations have in technological progress? What possibilities and means will they have in this field?

[Answer] That will depend on the type of enterprise. We now intend to create a new type of enterprise. These will be interbranch scientific-technical complexes which will have broad capabilities in expanding technological progress, and perhaps later duplicating a new technology, because in one organizational structure there will be science, experimental production and plants which will be capable of duplicating this new technology. Also, it is a rule that not only enterprises of one branch be combined, but of different branches. There is, for example, in the Ukraine, such an interbranch complex for welding technology, which is directed by the president of the Ukrainian Academy of Sciences, Academician Paton, where on the basis of interbranch cooperation very good results are being obtained. That is why, in order to adapt the welding technology, not only are good ideas necessary, but also electrodes, chemicals and many other branches of knowledge. It is the same with laser technology. Not only is knowledge needed, but also materials, without which the laser will not work. Others must participate in developing this work--chemists, machine builders, opticians, and others.

That is one way. But the main point that I want to emphasize is that we plan to greatly strengthen the experimental laboratories and departments in specific enterprises. Formerly the organization of science was based on this principle: There was a ministry, in connection with this ministry were many large and small branch institutes, and the enterprises had, at the most, small design offices. Now they will receive strong research and design departments. That is another way of development.

[Question] How funds to finance scientific and technical progress are divided is usually of decisive importance. Where will the funds for the interbranch complexes come from?

[Answer] Initially they will most likely be received from the state treasury, because during the first stage the enterprise must establish itself and show that it is able to survive. Later the enterprises should be able to pay their own way, just like other enterprises. They will work under contract. If someone wants to obtain new welding equipment, he orders it from the welding technology complex, signs a contract, and the person ordering pays. Very simple. The basis is economic self-financing. And the enterprises will have a development fund. If they have their own laboratory or design office, then naturally their operations are included in the cost of production of this enterprise. On the other hand, the production-application costs of new designs developed by them will be financed out of the development fund or through bank credits.

[Question] Professor, unfortunately the time that you have allotted for this interview has already elapsed. However, I cannot help but ask about your visit in Poland.

[Answer] Well, we--the delegation from the Institute for the Economics of the World Socialist System--are very happy that we were able to acquaint ourselves with the problems of the Polish economy and strengthen our scientific contacts with the Polish economists. Our institute concerns itself with the economy of the individual socialist countries and has its representatives in these countries. In Poland these are Comrades Klepackij and Zachmatow. Therefore, this was not our first routine visit. We have conducted interesting and useful talks with the management of the Planning Commission, the management of the Central Committee Economics Department, with the minister of finances, and the president of the Polish National Bank. We were able to visit many important institutes and centers, we were at the Polish Economics Society, and even in enterprises. All of thus enabled us to form a rather complete picture of the directions in which the Polish economy is developing and what kind of problems the Polish economists are solving. On the other hand, we have been able to come to an understanding on the subject of further contacts between the economists of both countries and on some joint work. This is especially important because your experience, in some measure, also paves the way for us. We undertake many of our ventures somewhat later and we should take into consideration the experience of the economists in Poland, as well as those of economists in other countries.

[Question] Did you also have an opportunity to become familiar with the difficulties in the implementation of Polish economic reform?

[Answer] These difficulties are generally known. The persons we talked to spoke of them. They pertain to solving the price problem, overcoming inflationary tendencies, and the negatives effects on Polish society. There are also difficulties in regulating wages and increasing their incentive role, including in such branches as light industry and food. You have not only state enterprises but you also have cooperative and private enterprises, and earnings in them are higher. Incentives, therefore, should also be strong in state industry. Quality and assortment of production are also very current problems for the Polish economy. And finally, the difficulties in transferring to new technologies and the lack of suitable materials necessary to conduct restructuring at the necessary rate of speed. I believe, therefore, that we have been able to get a picture of the problems on which Polish economists are working. Perhaps the picture is not yet complete, but certainly we have increased our knowledge about these problems.

And so we can say that we have learned a great deal, both about the strong sides of the Polish economy and about its difficulties.

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CEMA ECONOMIC EDITORS DISCUSS BLOC INTEGRATION PROBLEMS

Warsaw ZYCIE GOSPODARCZE in Polish No 26, 29 Jun 86 p 9

[Article by Eugeniusz Mozejko: "Technological Progress in CEMA"]

[Text] The recent annual seminar of editors-in-chief of economic journals published in the CEMA countries, which was held this time in Moscow on 10-11 June, was devoted to scientific and technical cooperation. The organizers of the meeting--the EKONOMICHESKAYA GAZETA weekly--furnished the participants a wealth of firsthand material from high CEMA officials, in whose offices the seminar was conducted. The following persons took part: Vyacheslav V. Sychov, CEMA secretary; Yuriy S. Shiryayev, director of the International Institute for Economic Problems of the World Socialist System (IIEPWSS) and corresponding member of the USSR Academy of Sciences; Ladislav Shupka, CEMA assistant secretary; and Andras Zsolnai, assistant manager of the general department. In addition, just as each year, representatives of the CEMA periodicals participated in the work of the seminar.

The second half of the seminar consisted of speeches made by the editors-in-chief, which, together with the distributed papers, formed the basis for a discussion. The discussion concentrated on problems of scientific and technical progress in the CEMA and its individual countries, and especially on the financial-organization systems established in them.

Information on changes occurring in the economic mechanism of the USSR, as described by the assistant director of the CPSU CC department, Oleg K. Rybakov, and the editor-in-chief of EKONOMICHESKAYA GAZETA, Boris G. Vladimirov, aroused great interest.

The Search for Effective Mechanisms

In describing the comprehensive program of scientific and technical cooperation among CEMA countries, accepted in December 1985, CEMA secretary Vyacheslav Sychov, said that its main goal is to accelerate economic development in the member countries by intensifying the processes of manufacture; this should be done primarily by increasing the growth rate of labor productivity and drastically reducing the consumption of fuels, energy and raw materials. Implementation of the program should expand production so as to meet population requirements. Sychov reported that a multilateral agreement on scientific and technical cooperation , covering 86 (of 93) problems contained in the comprehensive program, has already been signed. It is expected that more of these kinds of agreements will be signed in the near future, although probably it will not be possible to finalize some of them within the scheduled timeframe, i.e., by the end of June. Because of this, Sychov also called upon the representatives of the press to mobilize efforts in their countries so as to rapidly complete the initial stage of this work.

Sychov devoted the important parts of his speech to the changes occurring in the mechanisms and style of work of the CEMA organs and the forms of cooperation between member countries. He said that in the coordination of plans, particular emphasis is being placed now on the coordination of investment policy. Greater importance is being attached to the development of direct contacts between enterprises. The problems connected with this were discussed at the May meeting of the CEMA executive committee, which is now waiting for proposals and suggestions from member countries on the creation of the necessary conditions. Lively discussions on the subject of improving the efficiency of the work of CEMA organs are now taking place in the working groups organized for this purpose in the executive committee.

The CEMA secretary also spoke of the council's cooperation with third-world countries, pointing to the steady expansion of the group of rapidly developing countries who maintain multilateral contacts with the socialist community. It is anticipated that agreements will be signed shortly with Angola and Ethiopia.

Questions and discussions followed the CEMA Secretary's speech, at which time those attending the seminar could bring up all of the problems of interest to them. An especially lively discussion revolved around the possibility of direct cooperation between enterprises. Some, such as Rudolf Kostka from HOSPODARSKE NOVINY, expressed doubts that such cooperation is possible when enterprises in different countries vary in status and range of authority. V. Sychov agreed that it truly would be difficult to talk about direct cooperation between enterprises which do not have the right to maintain relations with foreign partners, but complete standardization of enterprise status is not absolutely essential. The CEMA organs generalize the experience gathered from enterprises during the course of their direct cooperation and try to adapt suitable mechanisms to its needs. Generally, however, it is not possible to really change the mechanisms of cooperation in CEMA without changing the internal mechanisms of the national economies.

The director of IIEPWSS, Prof Yuriy S. Shiryayev, expanded on this subject. He said that the enormous and growing volume of exchange between member countries can no longer to managed centrally. A three-level, at least, mechanism of cooperation must be created: macrostrategic, branch and enterprise level. A means of communication between the macro level and the enterprises is also needed. This is still an unsolved problem.

Professor Shiryayev also called attention to the relationship between the international economic mechanisms of the member countries and the potential for improving the CEMA mechanisms. The differences in the binding standardization regulations which control participation in socialist integration constitute a serious obstacle. In his opinion, there should be an attempt to develop rules of cooperation in the CEMA which would be binding on all its members.

CEMA, said the IIEPWSS director, should be an intermediary in establishing direct contacts between enterprises. It should be a bank of useful information. The internal structure of the CEMA organs should also be improved, creating smaller committees to solve concrete problems. Enterprise directors should also take part in the work. IIEPWSS arranged a meeting of directors of light-industry enterprises which brought concrete results in the form of new plans for cooperation, including plans for appointing four to five joint organizations.

At the request of the editor-in-chief of ZYCIE GOSPODARCZE, academician Shiryayev presented his views (noting that he was expressing his personal opinion as a scholar) on the role of prices and currency-exchange rates. He agreed that the problem of prices without a doubt should be solved. Prices should not duplicate the prices of basic articles. They should take into account world prices, production costs and consumers' handicap. The matter of currency-exchange rates must also be solved and a mechanism to correct them automatically must be devised.

In Professor Shiryavev's opinion, however, too much importance is being attached to putting multilateral settlements of accounts into place within the CEMA framework, because as studies show, in the EEC, for example, this category of accounts pertains to only eight percent of trade turnovers. In practice, the Soviet Union fulfills the role of the turnovers-balancing factor. More attention should be given to extending the exchange-balancing period to 2 to 3 years. The role of the CEMA banks, unquestionably, must grow and the settlement-of-accounts system should be simplified. For example, transferable-ruble checks can already be instituted. But the banks must be given help, because it is difficult to expect them to grow when the basic "capital" of the International Bank for Economic Cooperation are debts, said the professor jokingly in ending this part of the discussion.

The results of economic-plan coordination for the current 5-year plan and the changes taking place in this area were described by Andras Zsolnai. In replying to questions raised on these matters, he reported that the Permanent Foreign Trade Commission is working on improving the price system. The rule for setting prices on the basis of a 5-year average should be applied to all types of deliveries, and also in settling of accounts on joint investments (where up to now it has not been applied). Work is also being done on ideas to improve the currency system, in an attempt to ensure correlation between national and CEMA accounting. Zsolnai underscored the important role of the International Investment Bank in financing joint investments while calling attention to the importance of ensuring that there are sufficient materials to cover the funds allocated for this purpose.

In talking about the coordination of economic plans, Zsolnai noted that the coordinating work was based this time on forecasts extending to the year 2000, and sometimes even further into the future. In these forecasts, an attempt was made to anticipate structural changes in the world economy. Consideration was also given to the fact that the schematic for the division of labor in CEMA, drawn up in the preceding years, is no longer applicable. Therefore, some necessary changes have been made in the plans for the current 5-year period. It is envisaged that Soviet deliveries of fuels and raw materials will remain the same as in 1985. In return, other member countries will supply the USSR with machines and equipment conforming to its needs and also with a certain amount of food.

The plan-coordinating work has taken on a permanent cast. A list of problems which still remain to be solved in this 5-year period was drawn up. All of them pertain to implementation of the comprehensive program of joint scientific and technical cooperation, production specialization, and coproduction. Some large cooperation projects must still be wound up. Long-range coproduction and specialization programs are being prepared. Zsolnai spoke critically of the plan-coordination work, saying that more could have been done in this area.

Criticisms and Proposals

Nor was there a shortage of criticism in the speeches made by the editors-in-chief who spoke about the mechanisms of technological progress in both the CEMA and the individual countries. The discussion revealed that the CEMA countries--although some of them are allocating large amounts of money to finance research, development and applications work--have not yet developed effective systems in this area. For example, in Hungary, expenditures for science and technology absorb 2.5-3 percent of the national income, but the results obtained cannot yet, in the opinion of G. Vargo, editor-in-chief of the weekly FIGYELO, be called satisfactory. And this is despite the rather well-developed system of state assistance for enterprises conducting scientific and technical progress programs. They enjoy the advantages of tax relief, tariff-exemptions in the import of necessary equipment, credits from special banks, and also direct subsidies. Engineering enterprises which apply the results of technological achievements to production, maintaining themselves out of shares of the profits, have become an important element in technological progress in Hungary. From the standpoint of the need to accelerate scientific and technical progress, it would be desirable to make the system of commodity turnovers in CEMA more flexible, because agreeing on deliveries for 5-year periods makes trade more stable but at the same time it makes for a very rigid structure. This is felt particularly by those enterprises which operate in rapidly renewing branches of production, such as electronics.

Karl-Heinz Hilberst, editor-in-chief of OEKONOMIE publications, emphasized the importance of direct ties between scientific-research institutes, including higher educational institutions, and the combines, and described a system for giving priority to new production. But the most important are the staffs, he said, both in science and technology and in industry. Rudolf Kostka from HOSPODARSKE NOVINY proposed that the demand for specific groups of products be studied throughout the entire CEMA, pointing out (on the basis of information in his own editorial offices) that many producers in Czechoslovakia do not know the intentions of the producers of these same products from other countries. He expressed the belief that the editors of economic journals could also beneficially cooperate in studying various problems of importance for the further development of cooperation in CEMA. For example, they could arrange a poll on the subject of direct contacts between enterprises.

The USSR: Deep Reform

Undoubtedly the subject of economic reform in the USSR aroused the most interest. As Oleg Rybakov assured, it is in full swing and each week brings new important decisions in this area. Reference is to deep reconstruction of economic mechanisms as well as in economic thought on all levels. Similar strivings in other countries create a wide field for an exchange of experience. This applies internationally also, although reference is not to mechanical copying.

In the Soviet GOSPLAN, reported Rybakov, a special section has been formed to analyze the experience of socialist countries in the field of economic planning and management. The CEMA is also going gradually to this new model of work. The search for new solutions is directed at finding a way to stimulate initiative at the executive level because practice has shown that good documents, prepared at the central level, do not in the least guarantee that the tasks outlined in them will be accomplished. It is obvious that a uniform economic mechanism will not be established in all of the member countries, but unquestionably the accepted solutions must be more alike. For example, direct cooperation between enterprises must be facilitated, and the USSR is working on just such a solution. We must also, continued Rybakov, facilitate the establishment of joint enterprises and joint entrance on third-world-country markets.

Replying to questions on the USSR's new economic mechanism, Rybakov said that a government commission, which includes distinguished scholars, is working on it. This does not mean that we should wait until a general concept in the form of one document is developed. Reform, he repeated, is already under way. It is based on uniform, general principles and branch peculiarities.

The editor-in-chief of EKONOMICHESKAYA GAZETA, Boris Vladimirov, also emphasized that the changes being made in the USSR indicate a bold reform of economic mechanisms combined with the instituting of full economic accountability. This process is accompanied by an active cadre policy and the extension of socialist democracy, ensuring those who work a real management role.

The reform measures being undertaken in the USSR are closely tied to the concrete tasks of long-range economic strategy: acceleration of growth rate to at least 5 percent annually in the last 5-year period of this century and transformation of the economy's structure. The purpose of this transformation is to establish a harmonious structure of production with a larger participation of the newer branches. These plans can be realized through intensification, as demonstrated by at least a 2.5-fold growth in labor productivity and a 70-80 percent reduction in unit costs over a 5-year period. As revealed in materials published after recent meetings of the CPSU CC and the Supreme Council of the USSR, the assumptions of the economic plan for 1986-1990 are already in line with these long-range goals.

Vladimirov said that the new, still-experimental principles of management were applied in an agribusiness complex and in light industry; a comprehensive system will now have to be created. This envisages a reconstruction of the central level of the economy. In effect, a centralization of decisionmaking should take place, with elimination of the scattered ministerial offices, because the now existing many subsector ministries are no longer representing the interests of society as a whole. The primary function of the subsector ministries will be to control technological progress and investment activity financed by the state. Management functions will be reduced. The number of centrally established plan indexes designated for enterprises will be drastically reduced and also a complete change will be made in the substance of the planning. It will be based on a system of contractual ties: horizontal, between a supplier and a buyer, and vertical, between organizations at the lower and higher level.

Self-financing of enterprises and economic organizations will become a univerally binding principle. At the same time, an enterprise will conduct an autonomous employment policy. The sphere of application of contractual prices will be expanded. Piece-work will play a larger part in the wage system.

According to the editor-in-chief of EKONOMICHESKAYA GAZETA, direct ties between enterprises should become the basis for implementing a comprehensive program of scientific and technological progress in CEMA countries. This means that enterprises will have to be given the necessary authority. Their position will have to be raised and they will have to be supplied additional economic mechanisms. It would also be well to establish enterprises to apply scientific and technical achievements, operating on a self-financing system.

The participants of the seminar were able to take a closer look at the problems of the development of the Soviet economy and the reconstruction of its economic mechanism during the 2-day meeting in Leningrad--one of the most important centers of science and modern industry. The program also included a meeting with the second secretary of the Leningrad district, Anatoliy M. Fatyeyev, a meeting with the management of the Institute of Socioeconomic Problems, with the management and representatives of the workforce of the Printing Machines Association--Lenpoligrafmash, and visits to these plants.

The Leningrad district has been conducting an intensification program since 1984. Last year an all-union seminar was organized here on this subject. However, as Fatieyev said in a conversation with journalists, a basic turnaround has not yet been made. That is why another review of the possibilities of making bettter use of resources is being made, so that without changing plans the major portion of the outlays can be allocated to renewing the manufacturing apparatus.

All of the participants agreed that this year's seminar was a forum for an extremely fruitful exchange of information and opinions, providing inspiration for further consideration of technological progress, a subject so crucial now to the entire socialist community. Already during the discussion in Moscow, the theme of the next meeting was established: The position and role of a socialist enterprise. The meeting in 1987 will be arranged by the Romanian REVISTA ECONOMICA.

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SAFETY OF NUCLEAR POWER PLANTS STRESSED

Prague RUDE PRAVO in Czech 26 Jun 86 p 4

[Article by Eng Vaclav Pantucek, Federal Ministry of Metallurgy and Heavy Engineering: "The Main Requirement Is Safety--How Czechoslovak Nuclear Engineering Will Continue To Develop"]

[Text] The program declaration of the government, presented at the joint session in the People's Chamber and in the Chamber of Nations, stated that the structural shifts in the fuel-energy complex will continue to be solved through the development of nuclear energy. This sets the significant goals for our nuclear engineering industry, which has already taken on an important position among the traditional sectors. It follows on the heels of classical power engineering and assures the decisive technological deliveries of facilities for the expansion of nuclear power plants in Czechoslovakia and, on the basis of agreements among member states of CEMA, it shares in making deliveries for the expansion of nuclear energy blocks in CEMA member countries.

During the period of the 7th Five-Year Plan specialized facilities for two blocks of the nuclear power plant at Jaslovske Bohunice were delivered, as were facilities for two blocks for the Dukovany Nuclear Power Plant, for four blocks at the Paks Nuclear Power Plant in Hungary and for two blocks of the Nord Nuclear Power Plant in the GDR. Production of specialized fittings for domestic use and for exports to the USSR and to other countries was developed.

For the 8th Five-Year Plan it is planned to increase production. The 17th Congress of the CPCZ stressed the position of nuclear energy by setting the goal of increasing the installed capacity of Czechoslovak nuclear power plants to at least 10,000 MW by the year 2000. The production of electric energy from nuclear power plants in Czechoslovakia amounted to about 12 billion kwh in 1985 and represented roughly 15 percent of the total production of electric energy. By 1990 it will increase to about 20 percent and by the year 2000 is expected to attain roughly 52 percent.

With respect to development of domestic nuclear power plants, by 1990 installations for the remaining two 440-MW blocks for the Dukovany Nuclear Power Plant and for two 440-MW blocks for the Mochovce Nuclear Power Plant are expected to be produced, installed, and handed over. Deliveries of reactors and turbogenerators for two blocks in the GDR and deliveries of reactors and steam generators, including main circulation pipelines and shutoff valves of the primary circuit for two blocks in the Polish People's Republic will continue.

Construction of four blocks at the nuclear power plant at Temelin, with 1,000-MW capacity will be developed and deliveries of reactors, piping, and special fittings for export to the Bulgarian People's Republic are being prepared.

During the 9th Five-Year Plan, construction of three 1,000-MW blocks at Temelin will be completed, as will that of the remaining two blocks at Mochovce. To achieve the tasks set by the 17th Congress of the CPCZ, will be necessary to initiate deliveries of installations for an additional two 1,000-MW blocks so that, by the year 2000, the Czechoslovak system would have in operation twelve 440-MW blocks and at least five 1,000-MW blocks.

At the same time, the Federal Ministry of Fuels and Energy is preparing a program to increase the share of nuclear energy in solving the centralized provision of heat for industrial and community areas, primarily by utilizing steam generated by present and newly built nuclear power plants. This will require that additional new facilities be designed, produced, and delivered.

Third Priority Direction

Similar programs to speed up development of nuclear energy are already worked out in the overwhelming majority of CEMA member nations. That is why the development of nuclear energy through the year 2000 was discussed at the Extraordinary 41st Session of CEMA and was included in the Comprehensive Program of Scientific-Technical Progress of CEMA Member States Through the Year 2000 as a third priority direction. It contains 17 principal tasks and Soviet organizations were entrusted with coordinating them.

Work is in progress on preparations of specific agreements in which the main principle will be the interconnection of research, development, and realization in such a way which would permit the connection of the solving capacities of the countries to speed up the entire cycle of science--research--utilization.

The multilateral participation of organizations of the individual member countries presupposes joint solutions but also the utilization of the benefits of the work performed by individually participating countries. The principle of contractual obligation will be applied, including economic consequences and the consistent verification of capabilities on the part of participants in these agreements to fulfill future obligations, including realization of resulting material deliveries within required deadlines and of the required quality.

A Generation of Workers and Technicians

We are convinced that the Czechoslovak nuclear engineering industry has the prerequisites for fulfilling the above conditions. Within the jurisdiction of the Ministry of Metallurgy and Heavy Engineering, the last 10 years saw the establishment of decisive developmental and production capacities devoted to the production of such demanding components as pressurized water reactors, steam generators, special pipelines, fittings, and volume compensators, steam turbines designed for sizable unregulated steam takeoffs for the thermal heat industry. New metallurgical materials and semifinished products were assured which fulfill demanding technical conditions which exist in the nuclear energy industry. However, the main prerequisite we have is a highly educated generation of workers, technicians and specialists in various professions, thanks to long-term cooperation with the Soviet Union, cooperation which has already proven that it can produce concrete results.

In the concern enterprises of the economic production units at Skoda, Vitkovice, Sigma deliveries of installations for nuclear power plants having VVER 440-MW blocks are fully in the production program and preparations are being made to initiate deliveries of facilities for pressurized water blocks having 1,000 MW of capacity. In the concern enterprises of the economic production unit at Chepos and at the Czechoslovak Air-Technical Enterprises additional, thus far nonspecialized, installations are developed and ready for production. We will strive to have appropriate agreements within the framework of the comprehensive program aimed in the third priority direction include the work from these facilities in future nuclear power plants.

We Have Good Prerequisites

We also have prerequisites for the full joining [of Czechoslovak facilities] into the program of preparations pertaining to the thermal heat transmission in CEMA member countries, particularly involving the nuclear thermal power plants and heating plants and heat exchange stations in the concern enterprises of the economic production units of Skoda, Vitkovice, Chepos, and the CKD Prague, as well as others that have a rich tradition in the energy engineering industry.

The Czechoslovak engineering industry and the electrotechnical industry also sees great opportunities to join in the program for guaranteeing repairs of nuclear power plants and designed to establish maintenance organizations, through the medium of various installations; for example, facilities for diagnosing the status of metals, for solving problems with respect to repairs connected with the obsolescence of reactor materials, for equipping repair services with remote-controlled manipulators and special equipment for work in radiation environments.

The above review of possible participation on the part of Czechoslovak enterprise organizations in solving the 17 principal tasks of the third priority direction cannot lead to the exhaustion of problems pertaining to all partial tasks. Our organizations will continue to share, for example, in solving tasks pertaining to the industrialization of the construction of nuclear power plants, in tasks having to do with increasing the economy of operations pertaining to nuclear power plants, in the more efficient utilization of nuclear fuels, in increasing the ability to regulate blocks, in the elimination and storage of radioactive wastes. Although the carriers and coordinators of these tasks might be other areas and organizations in Czechoslovakia, the principle of the optimum procedure must be applied here from the standpoint of capacities will be most rapidly utilizable in the realization of results in practice.

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NUCLEAR PLANT EXPANSION TO REPLACE COAL CONSUMPTION

Prague RUDE PRAVO in Czech 3 Jul 86 p 4

[Article by Miloslav Vltavsky: "Nuclear Energy Replaces Coal--Expansion of New Power Plants Is Continuing Smoothly"]

[Text] Thirteen days were left before the end of March when the second block of the V-2 Nuclear Power Plant at Jaslovske Bohunice was placed in permanent operation. As of that moment, the above-mentioned Slovak energy center has been providing the planned output of 1,760 MW. If we add to this the more than 1 year of operation of the first block at Dukovany, then the Czechoslovak energy system is already providing some 16 percent of the electric energy production based on nuclear fuels.

Operational experiences show that this is universally advantageous. Relatively high investments are balanced by operational efficiency and by the removal of such harmful agents in the atmosphere as are sulfur dioxide or fly ash. It was precisely these ecologically advantageous results which, together with a decline in the supply of classical fuels, led to a rapid development of nuclear energy throughout the world.

Specialists state that the number of nuclear reactors on a world scale is growing virtually geometrically. For example, in Finland, the amount of electric energy produced by nuclear power plants has exceeded 40 percent; in Sweden, and particularly in Belgium and France, it has a completely dominant role.

Substantial Increment

The main directions of economic and social development, approved by the 17th Congress of the CPCZ, call for such a quantity of electric energy to be produced by nuclear power plants at the end of the 8th Five-Year Plan as to amount to approximately 30 percent of total electric energy production. In essence, this means that four blocks will be in operation at Dukovany and the first two at Mochovce. Our largest energy investment, at Temelin in Southern Bohemia, will be at an advanced stage of construction; Temelin will not have a decisive influence on the balance of electric energy until the 9th Five-Year Plan.

The intentions which are designed to substantially alter the structure of energy are being fulfilled gradually and responsibly. The second production block at Dukovany has been placed in trial operation and the third block is to be readied in December of this year and the fourth block in July of next year.

To facilitate this planned fulfillment, a construction pace was worked out which is based on combined socialist pledges concluded by the construction workers and pertaining to a high quality of execution of all necessary work. Despite the fact that the construction project is already at a very advanced stage, work and deliveries valued at more than Kcs 2.6 billion still remain to be assured for this year.

Of the set of seven construction projects at Mochovce, for the time being the building site has been taken care of, as has the external distribution structure, the worker quarters at Levice and the highways have been reconstructed to the necessary extent. With respect to the first and second blocks, the method of construction has been influenced by the level of planning documentation.

Equality in First Place

The requirements of construction have forced the decision to bring on additional workers. It is desirable to strengthen construction capacity by the addition of about 1,000 individuals. At nuclear power plants, the quality of work remains the fundamental question which decides on the adequacy of the electric power plant and its reliability. Consequently, it is not possible to permit any hasty work. That which has been delivered thus far at Jaslovske Bohunice and at Dukovany has always been at the required level. This has a substantial influence on the reliability of all production installations, on their output, as well as on their safety of operation.

The progress of construction at the Temelin Nuclear Power Plant is satisfactory. During the course of the 7th Five-Year Plan work valued at approximately Kcs 600 million has been delivered in areas of a social character primarily. Apart from housing facilities, a catering center has been completed and has a capacity to produce 2,200 meals. Other projects, which will later serve a substantially increased number of workers, are under construction.

Already this year the total volume of the primarily construction type work will exceed Kcs 700 million. An increase in the volume indicates that work is beginning on the foundation plate for the production blocks. Appropriate government resolutions call for completion of this work by the end of December 1987, as a prerequisite for trial operation of the first block of 1,000 MW in November 1992.

The outlook for our energy industry considers that, by the year 2000, all four Temelin blocks plus two 1,000-MW blocks at a new locality will be producing electric energy. At that time, nuclear energy will take over the already diminishing function of coal. Obviously, also, as a source for heating of apartments. For these reasons, it is clear why the 17th Congress of the CPCZ pointed out the need for establishing nuclear energy as a fundamental prerequisite having to do with the needs of society, which is attempting to speed up its economic and social development.

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PREVIOUS FIVE-YEAR PLAN ANALYZED, DEGREE OF CHANGE ASSESSED

West Berlin FS ANALYSEN in German No 4, 1985 (signed to press Dec 1985) Part I pp 9-38

[Report by Karl C. Thalheim: "Das Wirtschaftssystem der DDR in der Fuenfjahrplanperiode 1981-1985: Kontinuitaet oder Wandel?" [The Economic System of the GDR in the Five-Year Plan Period 1981-1985: Continuity or Change]

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In keeping with the general theme of this year's symposium, this first report will be devoted to the economic system of the GDR in the Five-Year Plan Period 1981-1985, which is now drawing to a close. Our main focus shall be on the question of to what extent change and to what extent continuity can be recognized in the system.

The economic system of the GDR and its development have also played an important role in the symposia of previous years. It will therefore not be possible to completely avoid occasional repetitions with regard to earlier reports and discussions; however, I will do my best to hold these to a minimum.

I shall not deal with the agricultural system, since Mr. Karl Hohmann will discuss it in his report this afternoon; however, there are essential differences as compared with a non-agricultural economy, which would require too much time to deal with in my report. Because of the reports by Mr. Erdmann and Mrs. Haendcke-Hoppe, I will also confine myself to very brief remarks with regard to the special internal problems of the combines as well as with regard to reform in the area of foreign economic relations.

1. Priority Position of Intensive Growth

The basis for my analysis is the Five-Year Plan 1981-1985. The formal decision concerning the plan was made at the 10th Party Congress of the SED in April 1981; it did not become law until 3 December 1981, i.e., almost a year after the beginning of the plan period. But the elements that would essentially determine it were already clearly recognizable because of the many previous discussions and clarifications: it would stand under the dominant viewpoint of qualitative growth factors, of intensive growth--or, as it is called in the official terminology of the GDR, "intensive expanded reproduction."

This was, to be sure, not something completely new for the GDR. When Ulbricht announced the "New Economic System of Planning and Management of the National Economy" in 1963, he described as his essential objectives (here I am quoting his exact words): "Increasing labor productivity with the help of scientific-technological progress, lowering of costs and improving the quality of production, strengthening the accumulation capability of the national economy by means of the rational utilization of material and financial resources, enforcement of the strictest austerity in every area of society." (Footnote 1) (In Karl C. Thalheim, "Die Wirtschaft der Sowjetzone in Krise und Umbau" [The Economy of the Soviet Union in Crisis and Reconstruction], Berlin, 1964, p 152)

Shortly before and after the fall of Ulbricht, the necessity of the transition from extensive to intensive growth was greatly stressed at the 14th meeting of the ZK [Central Committee] of the SED in December 1970, and above all at the 8th Party Congress in June 1971. Since then, this has become a leitmotif in the economic policy of the SED.

In his keynote address at the 10th Party Congress of the SED in April 1981, Honecker summarized the "Principles of the Economic Strategy of the 1980's" in 10 points of emphasis. (Footnote 2) (NEUES DEUTSCHLAND 12 April 1981 pp 6-7) If one compares these with the goals described in 1963 by Ulbricht and in 1970 by Honecker and others at the 8th Party Congress, one finds general agreement, even though Ulbricht did not yet use the now constantly applied formulas of intensification, of "socialist rationalization," of "the unity of economic and social policy." Honecker placed especially strong emphasis on the importance of scientific-technological progress, increasing labor productivity and on the economic use of materials. But the goals that he proclaimed were basically the same--proof that the challenges raised in 1963 still had not been met eighteen years later.

Honecker said little at the Party Congress concerning the ways and means of fulfilling the tasks that had been established. He emphasized the continuity of the economic policy of the SED as a mark of the "creation of developed socialism" and of "the unity of economic and social policy." The policy of the main task formulated at the 8th Party Congress was to be continued. "In view of the changed conditions, this especially requires a new quality of labor." For this reason, the socialist planned economy will continue to be perfected, the combines as a whole would be further developed. The word "reform" was not used by him; there was especially no talk of any change in the system. I quote: "As is implied in the term democratic centralism, we combine the central management and planning of the national economy ever more effectively with the independent responsibility of the combines, enterprises and all establishments of the national economy with the initiative and activity of the working population." (Footnote 3) (Ibid., p 8) This is a key concept in the present economic policy of the SED.

Much more was said in the directive of the 10th Party Congress on the new five-year plan concerning "the tasks for the continued perfecting of management and planning" than in the speech of Honecker. A large portion of this directive was devoted to this. Management, planning, balancing and economic stimulation should accordingly be directed more effectively at encouraging a stable high rate of economic growth, at the comprehensive utilization of scientific-technological progress, as well as at a far-reaching increase in the quality and effectiveness of labor and planning directed in an enhanced way at qualitative growth factors. In this way, the developed socialist society should continue to be formed and basic preconditions for the gradual transition to communism were to be created.

The Law on the Five-Year Plan 1981-1985 (Footnote 4) ("Legal Gazette of the GDR 1981" L No 35, pp 405-416) contained, unlike the directive, almost no data concerning planned developments in the economic system during the plan period. It was significant, however, that much attention and great stress was placed on the qualitative tasks; this plan was determined by the goal of essentially strengthening all aspects of intensive growth and increasing the effectiveness of the national economy; as a decisive condition, the close link between the "advantages of socialism and the achievements of the scientific-technological revolution" was set forth. Named as decisive tasks were: "socialist rationalization"; increasing labor productivity; high level of refining of energy sources, raw materials and basic materials "through all stages of production"; high quality level in production; lowering costs; increased capital productivity (in the language of the GDR: "greater effectiveness of the fund of fixed assets"); increased efficiency of investments. The consistent consolidation of intensification is described as "an economic-strategic task of the highest priority." However, there is almost nothing to be found in the law concerning the consequences resulting from this setting of tasks for the system of planning, management and stimulation.

2. The Tasks of the Combines

Both the Party Congress and the law on the five-year plan, therefore, make it clear that the SED leadership intended no changes in the system for the time period 1981-1985, but rather only improvements in the existing system. The combines were to play a very essential role in this; at the time when the five-year plan for centrally-managed industry and construction was being worked out, they were already fully realized and in 1979 had received their legal basis in the "regulation concerning the nationally-owned combines, combine enterprises and nationally-owned enterprises." The directive for the five-year plan assigned important tasks to the general managers of the combines. Through their managerial and planning activities, "the primary factors in intensification for the continued growth of performance and effectiveness are to be fully utilized," with "the well-tested methods of socialist industrial management being used in a comprehensive way."

However, the directive also made it possible to recognize the set of regulatory problems which resulted from the subordination of the combines to the superior instances, especially the State Planning Commission and the specialized ministries. It contained this statement: by means of the modus operandi of the central state organs, it should be made possible that the general managers could meet the tasks of the development of the combines with a high degree of independent responsibility on the basis of the plan. On the other hand, central state planning is to be further strengthened, although with the reservation that it be concentrated "on the complete opening up of the qualitative factors for growth and on the decisive national economic processes." But where does the borderline lie? We still must deal with this central question.

3. Guenter Mittag's Speech on September 29, 1983--Substitute for an Overall Economic Policy Design?

With the introduction of the "new economic system of planning and management of the national economy," a systematic design follows upon the general announcements and objectives. This was the "guideline for the new economic system of planning and management of the national economy," which had been published at that time as a resolution of the Council of Ministers on 11 July 1963; among other things it contained an extensive section on "the position of the economic lever of the closed system in the planning and management of the national economy"; this "closed system" was, after all, to take the place of the "small-scale administering" which had been denounced by Ulbricht.

There is no similar concept which received widespread public recognition for the economic policy in the five-year plan period 1981-1985. The 10 focal points announced by Honecker at the 10th Party Congress of the SED in April 1981 could be regarded as a summary of such a concept. An analysis of these points, however, reveals that they contain primarily goal formulations, but only very limited data concerning the ways and instruments by means of which these goals are to be achieved.

The comprehensive speech given by Guenther Mittag, leading economic policy maker of the SED, on 29 September 1983 at a large economics conference in the GDR was to some extent a substitute for the missing overall design; it was published initially in a shortened version in the November 1983 issue of EINHEIT under the title "Economic Strategy of the Party--A Clear Design for Continued Growth," then in a full-length version in the January 1984 issue of the journal WIRTSCHAFTSWISSENSCHAFT and as a separate booklet. The very title given to Mittag's speech when it was published indicates that the economic policy of the SED continues to be oriented toward growth; the observations that we made in 1981 at our 7th Symposium under the title "Economic Growth of The GDR System in Theory and Practice" therefore need no correction. Kurt Erdmann's report on "First Signs of Reform in the GDR Economy" at our 9th Symposium in November 1983--published in FS-ANALYSEN 7, 1983--deals with

Mittag's remarks. I would like to avoid repetition, but nonetheless regard as important the question of whether and to what extent Mittag's report can be regarded as an overall economic policy design.

Undoubtedly, it is much more profound then the 10 major focuses of Honecker. To the extent that it involves the tasks and the manner of functioning of the combines, I do not wish to anticipate the coming report by Mr. Erdmann. Mittag stresses that the economic policy of the SED largely decides on the implementation of the total program for the continued formation of developed socialist society in the GDR. He describes three tasks as major points for comprehensive socialist rationalization:

1. the "organic link between the achievements of the scientific-technological revolution and the advantages of socialism"
2. the "continued socialization process" (whereby he particularly meant the development and stabilization of the combines)
3. the continued consolidation of socialist economic integration, especially with the USSR.

Mittag's formulation of the first of these three tasks, the "organic link between the achievements of the scientific-technological revolution and the advantages of socialism," is, to be sure, just as pretentious as it is unclear in terms of contents. It becomes somewhat clearer when Mittag at a later point speaks of "qualitatively new steps in the direction of the transition to comprehensive intensification." With this he means, for example, that the specific consumption of energy and materials must decrease faster than production increases, or that the growth of labor productivity must be greater than that of production and must increase more quickly than the value of fixed assets (i.e. of real capital per working day). Mittag also sees a qualitatively new epoch in socialist planned economy in the fact that, as he formulates it, economic development in industry and construction was being carried out almost completely on the basis of the combines.

However, Mittag's comments also clearly reject any sweeping changes in the system of planning and management. Management, planning and economic accountancy must, to be sure, "be further perfected," but the socialist planned economy is "inviolable as far as we are concerned." It is also revealing that Mittag does not devote one single word to experimental reforms in other CEMA countries--especially to the "new economic mechanism" in Hungary. This is evidently a clear rejection of the Hungarian methods, which, to be sure, do not dispense with the socialist planned economy, but which clearly impart to it a different character--in SED terminology, one would say "a new quality."

With regard to the differences between the New Economic System of 1963 and the present economic policy of the SED, it seems important to me to pay some attention to the differing roles of profit. According to the statement by Ulbricht in June 1963, the central position is to be given to profit in the "closed system of economic levers." Mittag is also aware of the significance of profit as one of the primary indicators for the combines and enterprises:

in keeping with the basic economic requirement of improving in a decisive way the relationship between costs and results, profit is indispensable as a reliable measure; but, he says, it is not the major goal of socialist production. Nonetheless, since 1983 profit has appeared as one of the four major indicators for the evaluation of the performance of the enterprises; the other indicators are net production, products and services for the population as well as for export. The previously used indicator of "production of goods" remains a value in national economic planning, but is no longer a measure of the performance of the enterprises.

Mittag also very strongly emphasizes the significance of science and technology, which would have to become effective above all for increasing labor productivity. He repeated the observation made by Honecker at the 5th meeting of the Central Committee, that the level of labor productivity achieved in the GDR--which probably means industrial labor productivity--is higher than in Italy, about the same as in Great Britain, but shows a lag of up to 30 percent compared to "such capitalistic industrial states as France or the FRG." At the 6th Party Congress in January 1963, Ulbricht gave a figure of "about 25 percent" to describe the lag as compared with the FRG. This figure has accordingly become larger, contrary to expectations at the time, over the twenty years which have passed since then. Mittag's speech in its entirety certainly represents an overall design, to the extent that it deals with the goals which must be sought after, and these are also incorporated in a general context under the major goal of "intensification." Much less informative, on the other hand, are his remarks concerning the instruments for the realization of these goals. Nor could much be found in this regard in the major speeches of the four Central Committee meetings, which followed the economics conference with the speech of Mittag in September 1983.

4. Consequences for the System of Management and Planning

It is, however, clear both to the leading politicians as well as to the political economists of the GDR that the transition from extensive to intensive growth must and will have far-reaching consequences for the system of management and planning; impressive proof of this was given in the reports presented at our recent symposia. Let me repeat at least one of these quotes: Otto Reinhold, director of the Academy for Social Sciences at the Central Committee of the SED, and by virtue of this function also a political economist with great clout, said as early as January 1978 in the issue of EINHEIT which appeared that month: the total adaptation of the national economy of the GDR to the major path of intensification is "the most important and certainly the most complicated task after the creation of the socialist planned economy."

This means that "completely new requirements would be placed on the methods of management and planning, on the evaluation of performance of the enterprises and combines, on the system of indicators, the system of material interest, etc. For extensive growth of the national economy, i.e., growth measured solely in quantitative terms, it is basically sufficient to establish a few indicators as a focus of attention....The most important experience, however, consists of recognizing that the success of intensification depends on an entire complex of conditions and measures." (Footnote 5) (Otto Reinhold:

"Intensivierung--ein gesellschaftlicher Prozess von historischer Tragweite" [Intensification--A Social Process of Historical Significance], in "Einheit" 33, 1978, No 1, p 64)

But the most important of all, however, appears to me to remain unstated in all this: i.e., that intensive growth can to a much lesser extent be centrally planned and managed than extensive growth. The allocation of manpower, funds for financing purposes and real capital can, once a decision has been made concerning growth preferences, be centrally planned in a relatively easy fashion. But how and to what extent materials, energy, manpower can be economized, which methods can be implemented in order to increase labor productivity or in agricultural enterprises to increase productivity per unit of land, depends to a great extent on individual conditions in the individual enterprises--only in a much more restricted way, therefore, can this be decided, especially since special knowledge of the field and the sector are required for this. Accordingly, the intensification of economic processes requires a greater decentralization of decision-making than does extensive growth. If now the transition from extensive to intensive growth is the major objective of the economic policy of the SED in its present phase, then the question presents itself with great urgency of how the instruments of economic policy can be adapted to this modified growth process.

In order to answer this question, it appears to me useful to take a look at the national economic plans of the current year and especially at their prologues, which are indicative of the fundamental nature of the plans. These prologues have become much more extensive in comparison with earlier plans and from the very beginning are under the dominant fiat of intensification; the now constantly-used formula of "intensive expanded reproduction" first appears, to be sure, in the prologue to the national economic plan of 1983; but then it is repeated in each plan thereafter. The importance of qualitative factors is emphasized throughout, and also in the objectives which are outlined in the plans, these play an essentially larger role than in the past. In the national economic plan of 1985, in the required growth rates in the sector of the industrial ministries, for the first time net production appears alongside the production of goods as an objective, and the required increase in labor productivity is also given now on the basis of net production. But there is relatively little to be found in the plans concerning the instruments which are to be set in place in order for these goals to be met. The basis for the strengthening of the economic capacity of the national economy is--according to the national economic plan of 1985--"the stepped-up development and economically effective exploitation of new products and advanced technologies."

Of course, all of the plans also emphasize "the continued integration of the national economies of the GDR and the USSR," as well as the intensification of economic cooperation with other CEMA nations.

In fact, the latitude that the economic policy of the SED has with regard to the selection of instruments by means of which intensive growth is to be achieved is not very extensive. The unqualified avowal of "the socialist planned economy"--more specifically, of mandatory planning--excludes a number of instruments of economic policy, because they must be regarded under the aspect of system conformity as harmful to or destructive of the system. For example, a monopoly on foreign economic relations is a system-dictated element for a mandatory centrally-planned economy, and all modifications of the last few years have for these reason altered nothing with regard to the monopoly on foreign economic relations as such.

5. Problems of Socialist Property

It is clear that nothing will be changed concerning the principle of socialist property at the means of production. This is also true of the way in which it is utilized, above all by means of state-owned enterprises and to a much less extent through production cooperatives. The notion that a unified national property would emerge from both of these forms during the phase of fully-implemented communism evidently plays no role for present day practice in the GDR. A tendency that is observable in Hungary and China, two other socialist countries, is also of little importance to the GDR. This involves the individual utilization of socialist property. Since 1982, there have been in Hungary the so-called "inter-enterprise production teams;" their members are employees of a state-owned enterprise. These workers are allowed to use the plant's means of production on their own initiative after normal working hours, for an additional production. After the dissolution of the people's communes in China, it is today true that for a large portion of Chinese agriculture, property in terms of land remains nationalized, but the land itself is evidently used primarily in the form of peasant family operations or by groups of neighbors. This introduction of individual momentum has led in China to significant growth in earnings, and in Hungary as well the efficiency of the "intra-enterprise production teams" may very well be considerable. Similar developments cannot be discerned in the GDR, and in its literature I have not been able to find any sort of reference to these alternative forms of the utilization of socialist property.

A clear change in the direction of tolerance for individually-run small enterprises, on the other hand, has been evident since 1976 in the area of the trades, since the SED leadership is evidently convinced that sensitive gaps in supplying the needs of the population cannot be closed without the cooperation not only of trade cooperatives, but also of small private trade enterprises. (Footnote 6) (Cf. Maria Haendke-Hoppe: "Privatwirtschaft in der DDR. Geschichte--Struktur--Bedeutung" [Private Economy in the GDR. History--Structure--Meaning], FS-ANALYSEN No 1, 1982; and "Neueste Entwicklungen im privaten und genossenschaftlichen Handwerk der DDR sowie in der sonstigen Privatwirtschaft" [The Newest Developments in Private and Cooperative Trade in the GDR and in Other Areas of the Private Economy], FS-ANALYSEN No 2, 1984) Nothing has changed during the time period covered by this report with regard to their relative encouragement. To be sure, the number of private workshops has continued to decline slightly, but above all because of the aging of the self-employed artisans, the number of those employed in such shops has risen slightly. There is no reason to expect any change at present in this positive attitude on the part of the SED leadership. During the consultation of the CC Secretariat with the first secretaries of the SED district organizations on 1 February 1985, Honecker declared that with all due respect for large-scale socialist production, attention will be paid to utilizing in an even more effective way the potential of the smaller enterprises of the PGH [artisan producer cooperative], the private artisans and tradesmen, to satisfy the manifold needs of the populace.

In the area of agriculture as well, according to a study by Karl Hohmann, there has been an increase in the production share contributed by private households of LPG [agricultural production cooperatives] members and agricultural workers as well as of small allotment gardeners, settlers and those who raise small domestic animals. (Footnote 6) ("Entwicklung und Bedeutung der privaten Agrarproduktion in der DDR" [Development and Significance of Private Agricultural Production in the GDR], FS-ANALYSEN No 3, 1984) At the present time, including private consumption, at least twenty percent of the production of animals for slaughter and vegetables and approximately 50 percent of egg and fruit production in the GDR may well come from small private producers. The area privately used by LPG members, however, is probably not greater today than in 1976. It is not possible to speak of a return to utilization by small peasant families in the GDR, unlike China; efforts are moving in exactly the opposite direction, with the goal of "agricultural production on an industrial scale."

6. Leading Role of the Party

Nothing has changed with regard to the leading role of the party in economic policy and economic steering as well. The directive for the Five-Year Plan 1981-1985 was passed as usual at the 10th Party Congress of the SED, and the law concerning the five-year plan was worked out on this basis. Also decisive for the elaboration of the national economic plan and of the government's budgetary plan for 1986 was a "joint directive of the CC of the SED, the Council of Ministers of the GDR and the National Executive Council of the FDGB [Free German Trade Union Federation], which was published in NEUES DEUTSCHLAND on 27 April 1985. The resolutions of the Politburo of the SED, on which all decisive economic policy guidelines are based, are rarely accessible to us, since they are published only in rare cases. The Council of Ministers remains the primary executive organ for these resolutions.

In the actual practice of economic steering, the influence of party organizations on all levels is still much greater than could be assumed simply from the wording of laws, ordinances etc. In the new GDR "Law Governing Local People's Representation," the party is hardly mentioned at all, although naturally in the regions, cities and districts the influence of party organizations on regional and local economic policies is decisive. Therefore anyone would be ill-advised who wished to derive his knowledge of the political and administrative reality of the GDR simply from law texts.

A section of Honecker's speech before the first secretaries of the district committees on 1 February 1985, for example, is typical of the thoroughness with which SED organizations are integrated into economic steering. According to this speech, "every responsible committee of the SED must see to it that scientific-technological work reaches a high level--this is the key question. Which new products will be developed and readied for production? With which technologies are they to be manufactured, with attention paid to good quality and low costs? This requires the attention of the party organizations...." Honecker pointed out that the GDR cannot live at a middle level. In this regard, "each party organization must maintain a clear position." (Footnote 7) (Quote from the East Berlin BERLINER ZEITUNG 2-3 February 1985)

In this regard I would not like to neglect mentioning the fact that the increased reluctance to make information accessible that characterized the recent five-year plan period on the part of the government and administration of the GDR is a great obstacle to any analysis of economic developments in that country. As has already been mentioned, only in very rare instances are decisive decisions of the Politburo concerning the course of economic policy published. In addition to the regulations published in the law gazette, which only seldom have the form of law, but which are rather almost exclusively ordinances, regulations and executive orders, there is, in comparison with earlier periods, a significantly increasing number of regulations which are not published, but which are communicated only to enterprises or institutions to which they directly pertain. The only specialized journal for economic practice, DIE WIRTSCHAFT, was at first changed from weekly to monthly publication, and then suddenly and without any explanation, publication was completely halted at the beginning of 1983, after just three issues had appeared that year. This journal published especially informative reports from economic practice; the journal WIRTSCHAFTSWISSENSCHAFT, which is published monthly, on the other hand, is primarily theoretically and ideologically oriented. For this reason, it has become even more difficult than before to draw conclusions concerning the implementation of regulations in practice especially in the enterprises and which consequences these regulations have. For example, it is characteristic that nothing can be learned from GDR literature concerning the effects which the payroll tax, declared a "contribution to the social fund," have in practice on the enterprises. If one considers that this involves a de facto tax amounting to 70 percent of wages and salaries paid, it becomes clear that these effects cannot be insignificant.

7. Modifications in the Methods of Planning and Steering

The methods of planning and steering have undergone several kinds of changes during the period encompassed by this report. Criticism of earlier methods focused especially on the lack of innovation, the insufficient motivation of the enterprises and of the workers, as well as on the lack of flexibility in the economy; these problems proved to be very disadvantageous during times of rapid change, on the one hand for production technology and on the other hand with regard to the world market situation. However, "traditional" methods proved inadequate, as has been noted earlier, primarily because of the transition to intensive economic growth.

After the economic policy guidelines for the period 1981-1985 had been established by the 10th Party Congress and set forth in the law on the five-year plan, the years 1982 and 1983 in particular saw a large number of new administrative regulations issued which supplemented or altered previous methods of planning and steering. Within the limited scope of my report, I must restrict myself to especially important examples of their regulatory character.

As far as planning is concerned, probably the most important modification is that it is linked more closely to the combines, in a two-fold manner: first, the general managers of the combines are included more directly in the planning process than the general managers of the individual enterprises were at an earlier stage. This is probably due to the fact that the position of the general manager of a combine, whose enterprises often employ several tens of thousands of people, is stronger with regard to his competent minister and also with regard to the State Planning Commission than the position of the managers of much smaller individual enterprises.

The second link between planning and combine organization is due to the fact that the national economic plan is now worked out according to ministries and, in addition, according to combines. In this way, as Mittag explained in his speech of September 1983, a direct linkage takes place between the state's national economic plan and those economic units which receive state plan targets and which, equipped with appropriate rights and funding, work in accordance with economic accountancy. Only in this way is it possible to direct national economic planning toward the qualitative indicators of intensive expanded reproduction. The content of planning activity is thereby enriched through a more profound analysis of available reserves of intensification.

Nothing has changed with regard to the mandatory nature of the plans that are drawn up--nor is it likely that anything has changed with regard to the constantly recurring discrepancies between plan and reality, which have to be compensated during the course of a plan period by modifications in the plan.

8. Indirect (Parametric) Steering Methods

This state of affairs is clear also to GDR economic policy makers; in speeches and official statements made over the past few years, there is a constant demand for increased flexibility. Here we must ask, however, whether--in the terminology of Marxism-Leninism--an antagonistic contradiction is involved in the relationship of this demand to mandatory central planning. Various actual situations known to us from the reality of the GDR economy would seem to indicate that this is the case.

The impact that such an antagonism has depends in part on the methods used to steer economic processes. Administrative steering by means of executive order, as was absolutely dominant during the original Stalinist economic system,, was the typical steering form for extensive economic growth. The goal of the "New Economic System" of 1963, the "simple administration" by means of a "closed system of economic levers," i.e., by a predominantly indirect steering, was reached only in part, and this first attempt in the direction of a profound reorganization of the economic system of the GDR was essentially halted after Ulbricht was deprived of power in 1971.

At the beginning I spoke of the insight held by leading economic policy makers in the GDR that the transition to "intensive expanded reproduction" required other methods. These must be above all indirect parametric methods. But such a transformation by no means connotes a transformation of the economic system in the direction of a "socialist market economy." This type of economy continues to be decisively rejected by SED leadership. For this reason, the changes that are possible in the GDR, given the system-dictated limitations, cannot achieve that extensive inclusion of market forces such as is being attempted in Hungary. Within these limitations, it only appears possible to bring about a correction in the steering system to the extent that the central organization primarily determines the framework conditions with regard to which the decisions of the enterprises must orient themselves. Evidently the present economic policy situation in the GDR is ambivalent in this regard; the policy of economic steering utilizes both the methods of a command economy as well as the methods of indirect (parametric) steering.

During the past five years, several important regulations have been introduced which clearly are of a parametric nature. Far and away the most important of these is the introduction of the "contribution to the social fund," effective for centrally-managed industry from 1 January 1984, for the construction industry from 1 January 1985. I discussed this regulation in detail in my report at our 9th symposium on 17 November 1983. This "contribution to the social fund" is de facto a payroll tax at the exorbitant rate of 70 percent of the wages and salaries paid out by the combines and enterprises. This is supposed to induce the enterprises to undertake economizing measures in terms of manpower; on the other hand, it is intended to prevent an increase in the demand for consumer goods, which would be the case with wage increases. Quite clear effects are evident on the revenue side of the state budget; according to budgetary accounting of 1984, this new source of revenue resulted in substantial revenue increases, while the revenues from profit transfer from industry were sizably reduced. It seems to me doubtful that the objective of limiting the number of employees was actually achieved; in any case, industry employed overall on an annual average in 1984 approximately 28,000 more workers than during the previous year.

Additional measures of indirect steering can be found, for example, in the regulations concerning the granting of credits. On the other hand, the imperative character of regulations was clearly intensified across the entire spectrum of material supplies, which was so important for this period. The institutions of control were further expanded as well.

It is evident that in order for a reorientation towards a predominantly indirect type of steering to function at all, it would have to be linked to a rather sweeping decentralization of decision-making powers. At this point in the framework of our topic, the question must be posed with special emphasis of the position of the combines and the decision-making authority of their managers.

At the annual "seminar consultation of the CC of the SED with the general managers of the combines" in March 1984, Guenther Mittag characterized the tasks of the combines as follows:

"Each combine must develop itself into a tightly organized and at the same time flexibly adaptive organism, in keeping with the objectively given unified process of intensive expanded reproduction, with its juridically and economically independent enterprises and establishments."

The flexibility called for here is in part dependent on the way in which the scope of the decision-making authority of combine management, on the one hand, and the superior instances on the other hand, above all the ministries and the State Planning Commission, are in actuality defined.

9. Investment Decisions as a Case Study

If one wishes to obtain concrete insights in this regard, one cannot avoid undertaking detailed studies. As a test case I have selected decisions on investments for today's report, with my decision based on the three following reasons:

1. Investment decisions are among the most important decisions made by enterprise managers. With these decisions, managers influence to a great extent the development and structure of the national economy as a whole.
2. The scope and content of the legal and administrative regulations are of critical importance for the extent to which combine management is allowed to make independent investment decisions.
3. The preparation of investments was regulated in the GDR until the end of August 1985 by a regulation passed on 13 July 1978; replacing this there is now a regulation of the same name passed 23 May 1985. A comparison of these two regulations makes it possible to determine what changes occurred in this regard during the time period 1978-1985. This time frame therefore comprises almost exactly the period covered by my report. If in this comparison clear differences can be identified, this is evidently proof that a change has occurred in economic policy strategy for such an important area as that of investments. And such changes can in fact be identified.

This becomes clear right at the beginning of the new regulation of 1985 from the principles governing investments. Among the "basic national economic priorities," on which the preparation of investments is to be based, the following will now be cited:

The most effective structuring of the cost/benefit relation; observation of the return period established in the plans (i.e. the return period of the financing funds utilized for the investment); more rapid increase in labor productivity than in the utilization of fixed assets; more economizing in jobs than jobs created (in 1978, only an equalization was required); as a result of the investments, in addition to an increase in labor productivity also a reduction in production consumption and in costs; a ceiling on the share of construction in aggregate value; basic realization of the investment project within two years. Going far beyond the earlier regulation, "the determination of necessity on the basis of the observation of the 'mandatory state

utilization norms' (stress by author) for existing machines and facilities" is to be a basic prerequisite for the preparation of an investment.

If these requirements are really to be completely met, the scope of permitted investments--and correspondingly, also the latitude for the general managers of the combines to realize their own investment plans--is likely to be quite small.

The investment principals must work out their objectives in a task description. This must normally be approved by the responsible minister or by the district council, if the aggregate value of the project surpasses M20 million. For investment projects with an aggregate value of between M5-20 million approval must be obtained from the director of the organ immediately superior to that of the investment principal. If this investment principal is a combine or a combine enterprise, the approval of the general manager of the combine is sufficient for investments of this size. It is noteworthy that the right of approval of the general managers is limited to relatively small investment projects, while this competence is transferred to governmental agencies as soon as larger investments are involved.

It is characteristic of the complexity of the procedure that the description of tasks must first be approved; then, after the preparation of very extensive documentation, a basic decision must be reached. Moreover, this decision must be made by the same instances which are responsible for confirmation of the task description.

In the new regulations, the instructions concerning state approval and supervision of investments have been greatly expanded. The approval process is carried out by the Central State Inspection for Investments of the State Planning Commission, as well as by the state appraisal offices at the ministries, other central state organs and the regional councils. The state appraisal offices are supposed to "support the responsible managers in the decision making process concerning investment projects," as is carefully formulated in the regulation. However, the state's competence goes de facto much further. State approval must be obtained for all investment projects exceeding M5 million; for other projects, this can also be made obligatory by the chairman of the State Planning Commission or the president of the State Bank. Subject to state approval are the documents related to tasks and to preliminary investment decisions, as well as documentation on principal decisions and for preliminary measures. For investment projects which are subject to official approval, the state manager may only make a decision once the state appraisal office has issued its approval. The director of the Investments Central State Inspectorate is authorized to set state targets for both contractor and supplier in investment projects.

In the new version of the regulations, the state's right to intervene has been clearly expanded overall. For example, the regulations of 1978 ruled that state approval must be sought for projects with a value exceeding M5 million only when the investment was to be financed from state budgetary funds; all investments over M5 million, however, are now subject to this requirement.

The regulation of 2 August 1983 "regarding the review and revision of the normative period of usefulness and the depreciation rates for fixed assets" severely restricted the decision-making powers of the enterprises with the following implementation regulations. Their objective is a significant extension of the period of usefulness of existing means of production. A "review" of the period of usefulness is, to be sure, to be carried out by combines and enterprises which are designated by the responsible ministries. However, they are bound to the following principles which are spelled out in the regulations:

--In principle, the previously valid normative period of usefulness should be extended by at least thirty percent.

--In the re-determination of the normative period of usefulness, calculations must be based on the period of usefulness of the basic design elements which is technically possible, given appropriate service and maintenance.

These very restrictive directives were evidently necessitated by the restriction on investments, which for its part is closely related to the situation of the balance of trade and payments in the GDR; this issue has been discussed in detail at our symposia during the past few years. It appears very questionable whether the sought-after optimal rationalization can be achieved in the face of such limitations on new investments, however.

The regulation passed on 1 October 1972 concerning the need for state approval of the location of investment projects represents an additional limitation on the decision-making latitude concerning investments. This regulation is supposed to serve the purpose of the rational geographic distribution of productive forces and to effect a coordination between sectoral and territorial combines and population concentration. According to these regulations, state approval or confirmation is required for the location of all investments greater than M100,000, with the exception of investments of up to M5 million which only involve equipment. According to the size of the total investment, permission must be sought from the councils of the districts or municipalities, the districts or the regions. This regulation has been sharpened since then by the inclusion of economic objectives related to transportation; according to an implementing regulation of 1 September 1982, during the process of selecting a location and preparing the investment, attention should be paid to ensuring that the investment "leads to the minimal expense possible in terms of social transportation." In the case of larger investments, the approval of a location can only be granted after the State Planning Commission has undertaken a micro-regional allocation.

If one takes all these regulations into consideration, the latitude that is open to combine management in investment decisions appears quite limited. In the course of the last five years, this latitude has not been expanded, but has rather shrunk.

Based on this analysis of investment decisions, the conclusion should not be drawn that a more restrictive attitude can be observed for the entire area of economic policy; there are also contrary examples, but they are somewhat limited in scope.

10. The Unsolved Problem of Pricing

The formation of prices still remains an unsolved central problem--not in the least also for the evaluation of performance levels in the enterprises. Especially with regard to the just-ending five-year plan period, it is clear that this problem remains unsolved. For two basically new methods of price formation from the 1970's have been de facto abandoned, even though certain residues remain. On the one hand, there was the method of fund-related pricing, with which capital costs were to be included in a cost-oriented price formation. The second method, which was introduced in 1976, was the formation of prices according to the price-performance ratio; this method was supposed to take into consideration improvements in use value in the price formation of new products, thereby offering the enterprises an incentive for innovation. The methods applied to measure use value, however, proved to be much too imprecise; in 1984 this method was once again abandoned.

The intermittent use of this method of price formation clearly shows the difference between a centrally administered economy and a market economy. In a centrally administered economy, a state office charged with price formation is supposed to decide on the use value of a product. In comparison, in a market economy with an actively functioning competition, the market decides on the use value of a product; greater use value leads to price advantages, and thus an enterprise which has dared to assume the risk of innovation is rewarded. Furthermore, if we add that an enterprise within the market economy is subject to constant pressure from its competition and is in addition, with regard to labor costs, subject to union wage guidelines and governmental social policies, this means that there is adequate motivation to undertake innovation, even though more or less great risks are usually linked to such innovations. The lack of this kind of motivation which is based on similar forces remains one of the especially critical points in the economic system of the GDR; it is an essential cause of the well-known "innovation weakness" of this system.

The five-year plan period that is just ending brought forth a great number of regulations concerning price guidelines and price policy (not the least in the area of agriculture, which, as I mentioned at the outset, will not be treated in this report). The principle of authoritarian price formation instead of the formation of market prices still holds true. This is stated in all clarity in the "regulation concerning the central state calculation guideline for the formation of industry prices" of 17 November 1983. The following is excerpted from Section 1:

"The central state calculation guideline sets out the requirements of the state concerning the formation of industry prices, the calculation of costs and profits as well as the methods to be used for this calculation. By means of a close linkage between central state management and planning of industry prices with the implementation of the central state calculation guideline, it is to be insured that prices remain firmly in the hand of the socialist state and that price work continues to be rationalized....Industry prices are to be used as an effective instrument of management, planning and economic accountancy....The economic categories of cost, price and profit must be more effectively utilized in the formation of industry prices."

Unlike most other CEMA countries, the GDR continues to adhere to the principle of price stability for basic goods and services; this has led to a considerable increase in subsidies paid for out of the state budget. However, the prices of luxury consumer goods are supposed to reflect their actual costs--"the socially necessary expense," in GDR terminology.

The principles for the formation of "industry prices" are spelled out in the just-mentioned "general calculation guideline," as well as in other directives; the term "industry prices" includes almost all types of prices, with the exception of the prices of consumer goods, which are kept low. According to a regulation passed on 10 February 1984, special requirements hold for so-called "exquisite products," which are sold in "exquisite shops" at greatly inflated prices.

The regulations concerning price formation are very complicated and therefore ill-suited to contribute to the desired flexibility of the economy. Standard costs and standard profit are both decisive for price levels. One should not forget, however, that the concept of cost is quite different in the GDR and in the FRG and other countries with a market economy. In recent years, numerous special calculation guidelines have been mandated for individual economic sectors, as well as numerous ordinances passed concerning price changes for individual goods or categories of goods. These price changes usually involve price increases, brought about in part because of the fact that energy sources and many raw materials--even within internal East Bloc trading--and other cost elements have undergone considerable price increases during the plan period. It is noteworthy that such price changes also affect current contractual agreements. However, the special calculation guidelines and price lists are not published, but are rather sent directly to "authorized recipients."

In many of its aspects, price formation in the GDR does not meet the requirements which it would actually have to fulfill with regard to the goal of intensive economic growth. For this, a price system would be necessary which took into consideration the relative scarcity of resources and which was also flexible enough to adapt rapidly to changing circumstances. There is neither a theoretical basis for such a system, nor is there a desire on the part of leadership to fundamentally change the present price system. Therefore, I believe that the inadequacies of the price system will represent a serious obstacle to the realization of "intensive expanded reproduction."

11. Conclusions

I shall now draw these remarks to a close. I had directed my report to the question: Continuity or Change in the Economic System of the GDR in the Concluding Five-Year Plan Period? At the beginning of my remarks, I mentioned statements both from representatives of the political leadership of the GDR as well as from leading political economists, which raised expectations of far-reaching changes in the system of management, planning and economic stimulation. My analysis concerned these expectations only in part: there were, to be sure, critical changes in the traditional system in preceding years but not during the period 1981-1985. Decisive factors in the preceding changes were:

1. the implementation of the combine principle for all industrial and construction sectors as well as for other non-agrarian sectors of the economy;

2. the transfer of tasks, which had previously fallen especially to the ministries and in part also to the directors of the individual enterprises, to the general managers of the combines.

The leadership of the GDR continued to pursue this course during the period 1981-1985; nonetheless, as I demonstrated using the example of investment decisions, the decentralization of decision-making authority was once again curtailed to some extent.

Nothing has basically changed concerning the principle of mandatory planning; the influence of the combine managers on plan elaboration may have increased. With regard to steering methods, the GDR leadership continues to utilize both direct as well as indirect (parametric) methods; the latter were considerably expanded especially by the introduction of the payroll tax. However, as a whole the directive methods continued to predominate; in this regard, the restraints issuing from the economic bureaucracy continued to play a significant role, and the utilization of indirect methods is also hampered by the fact that the problem of the formation of prices that are "economically correct" in terms of the system remains unsolved.

In conclusion, it may be said that there have been various kinds of changes during the plan period that is currently drawing to a close; yet in comparison with the economic policy of the end of the 1970's, continuity predominates. In any case, it is not possible to speak of any basic change. Nor do I believe that a fundamental change can be expected during the next five-year plan period.

In the so-called Novosibirsk Study, which received much attention in the West in the summer of 1983, the author, sociologist Tatjana Saslawskaja, member of the Siberian section of the Soviet Academy of Sciences, wrote the following concerning earlier reforms of the Soviet economic system:

"Actually, over the past decades there was a series of attempts to introduce individual progressive management methods into the existing system; however, each of these attempts was gradually eliminated as incompatible with the spirit of the system. An analysis of experiences in this area leads to the conclusion that it is impossible to further develop the mechanism of economic steering, which arose many decades ago, by gradually replacing the mostly obsolete elements with more efficient ones."

Those changes in the "traditional" economic system of the GDR which have taken place up to the present correspond to a large extent to those Soviet methods which were characterized by the Soviet sociologist as inadequate. For this reason the GDR seems to me to represent a test case for the question of whether or not its economic system can in the long run be made valuable in keeping with a policy of "intensive expanded reproduction" by the use of such methods.

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IMF, WORLD BANK ADMISSION IMPACT EVALUATED

Karcz on Effects of IMF Membership

Warsaw ZYCIE GOSPODARCZE in Polish No 23, 8 Jun 86 p 5

[Interview with Zbigniew Karcz, director, Foreign Affairs Department of the Ministry of Finance, by Karol Szwarc]

[Text] [Question] Karol Szwarc: We are returning to the IMF. Are you happy about this?

[Answer] Zbigniew Karcz: Yes, even if only because this is the result of a number of years of effort. I have hopes that the matter will be finalized in this month.

[Question] It is too bad that we did not apply for admission to this international organization earlier.

[Answer] I, too, am sorry. Probably the talks on the Polish indebtedness and the form and scope of sanctions applied after imposition of martial war in our country would have been different.

[Question] In saying "different" you probably mean that the situation would have been better.

[Answer] Naturally. Always in the past during negotiations for repayment of debts--there have been many such cases in the past, and now they have become quite routine--the Fund, if member countries are involved, assumes the role of mediator. It holds discussions with the government on how external and internal balance can be restored. At the same time, it examines the inclination of the creditor to make possible concessions. As a result, the IMF, together with the country involved, determines methods by which the interest on the debt and the principle can be refinanced. The Fund also makes recommendations as to new credits.

In our situation, we had no choice but to talk directly with our creditors. On the other hand, had we been members of the IMF at that time, it would probably have been possible to obtain better terms for rescheduling the Polish debt and the process of achieving agreement would also have been easier.

[Question] Why, then, did we not apply until 1981?

[Answer] We have to make a distinction between desire and ability. We left the IMF in 1950. However, already in 1957 the Polish Government surveyed the possibility of eventually returning. Naturally, these consultations had to be conducted with those member-countries which have the greatest influence on the decisions of this organization. The talks with the US State Department at that time indicated a lack of interest on the part of the West in our return to the Fund. Apparently the cold war lasted longer there.

In the 1970's discussions again began in our country on the subject of our return to the IMF and the World Bank, but no positive decision was made. I believed then, and I still believe, that this was a mistake.

Not until November 1981 did the Polish government made an official application for admission to both these international organizations. Although nowhere is it a matter of official record, in practice the time between submission of an application and acceptance as a member-country has never exceeded 9 months. That was also probably true in the case of Poland. The sanctions imposed by the West on our country were responsible for the longer waiting period this time. The American declaration at that time considered the most important sanctions against us to be the withdrawal of the most-favored-nation clause, a credit boycott, and a boycott against Polish efforts to return to the Fund.

[Question] Is not acceptance in the IMF a form of normalization of economic relations with the West.

[Answer] Certainly. The process of normalization began even earlier and these relations are going well with most of the Western countries. Now a kind of plebiscite on the world scale was conducted. It turned out that most countries want to have normal contacts with Poland. Undoubtedly this will contribute to a discontinuance of the isolation which the West attempted to impose upon us. However, this does not exclude the possibility that some countries will continue their unfriendly economic or financial policy. The return to the IMF does not in itself automatically solve all problems and does not determine the shape of bilateral relations with all countries of the world.

[Question] Can we say that all Polish economists share your satisfaction?

[Answer] I did not poll all Polish economists. In the confrontation of views in which I participated the need to return to the IMF was more frequently underscored than denied, because many issues of economic reform are closer, philosophically, to the Fund's operating principles. At the same time, I know that there have been, and still are, different opinions on this question.

[Question] What does the essence of these differences come down to?

[Answer] It is often said that membership in the IMF is not the cure for real troubles. For example, it did not prevent the indebtedness trap of such countries as Argentina, Brazil or Mexico. On the other hand, membership in the IMF carries with it certain obligations and the threat that the economy will be penetrated.

[Question] Is the problem of whether or not this is worth it not a case of real doubt, rather than imagined doubt?

[Answer] Certainly we should not ignore the fact that not all the socialist countries belong to the IMF. We also know under what conditions some of them resigned from the Fund and under what conditions they joined it. We should also consider the fact that the deciding votes in the Fund are cast by the wealthiest countries of the West.

Nevertheless, the IMF cannot impose on a sovereign country an economic policy which it concocted. Disputable problems may arise between the experts of the Fund and a given government. The discussions may be difficult. The possible range of real assistance may differ, but one thing is certain: the government of a country is responsible for its economic policy. Even if the representatives of the IMF and a given country come to an agreement, find the appropriate remedy, and the IMF gives the necessary assistance, the most vital condition for success will be the consistent implementation by that government of the jointly developed strategy of conduct.

[Question] Most often when there is talk about the benefits derived from IMF membership, one hears about credits, or the assistance of experts. But aren't the results which are difficult to measure equally important?

[Answer] A large part of the world has become accustomed to using the Fund's informational materials. In the nonsocialist countries there is a widespread opinion, for political or apolitical reasons, that it is very difficult to obtain data on the economies of the socialist countries. But the truth is that there are simply other ways to collect information and other methods of presenting even these same economic categories. This creates a certain lack of confidence in the industrial or banking circles, which do not have to immediately create their own scientific institutes dealing with Poland's economy. Entry into the IMF's information system, which means that our data will be translated into the language of the UN, will help to eliminate this lack of confidence. Unquestionably this will facilitate contacts in cooperating with the West.

[Question] Membership in the International Reconstruction and Development Bank makes it possible to obtain loans for implementation of long-range investment plans. At the same time it provides our producers greater opportunities to export due to the ability to participate in the bidding--reserved exclusively for member-countries--on third-world projects supported by the bank. Are we prepared for this?

[Answer] We already have a large construction potential, specializing in the export of services. Also, many machinery enterprises have experience in supplying equipment for large jobs. Lately our traditional markets are shrinking. Therefore, from the standpoint of materials, there are no particular obstacles. However, the concept of this expansion, its organizational part, still requires a lot of preparatory work.

I must warn here against cheap optimism. This will not be an easy matter because the requirements set forth in the bidding are in no way different than those which are generally in effect in international contacts.

[Question] Will return to the IMF allow us to achieve external balance more quickly?

[Answer] We should not expect that joining the Fund, and even obtaining financial aid, will in itself solve our payments problems. These may only be factors which help us achieve external balance more quickly. In other words, these should only be catalysts in the production of additional internal results, helping to improve the external situation.

After 10 years of an unfavorable balance of exchange of goods and services with nonsocialist countries, for the first time in 1982 we have achieved a favorable balance. And this despite many unfavorable external and internal conditions.

[Question] It can be said that in a certain sense we have been forced into this.

[Answer] That is only partly true. The decisive factor was the consistent policy of the government, aimed at reducing imports to obtain a favorable balance.

We have already gone two-thirds of the way in fulfilling our obligations. We are envisaging a favorable balance of goods and services amounting to approximately $2 billion this year. To fully service the debt, we need about $3 billion.

We are doing this under conditions which are not typical for countries in debt.

[Question] Really?

[Answer] That is, two elements were typical: the reduction in consumption and import. On the other hand, what was atypical was that this change was made at the same time as sanctions were applied and various other restrictions in relations with our creditors appeared. Therefore, the distance from an unfavorable to a favorable balance was covered through our own efforts, and also through the assistance of the socialist countries.

The additional billion-dollar distance will undoubtedly be covered more rapidly and more easily through membership in the IMF and the gradual normalization of economic relations with the West.

[Question] Shortening the time until we reach a payments balance is probably not only in the interest of our creditors.

[Answer] That is true. The longer it takes to achieve balance the larger the costs of servicing the debt in the future will be. And the longer and more strongly the issue of the balance of payments will impede the growth of the standard of living and the economy's development.

[Question] To what degree will membership in the Fund and in the World Bank make it easier for us to recover domestic balance

[Answer] I believe that all external imbalance arises out of internal imbalance. I know of no case in which severe external difficulties appear while there is economic order within the country. The economy appeases excessive import and does not produce enough for export when there are some kind of perturbations in the internal mechanisms.

That is exactly how it was in our country for many years. And unfortunately, it is still continuing. For example, at one time we were a significant exporter of cosmetics. Today we are almost completely absent on the international markets because Polish production is unsufficient to satisfy domestic needs. Occasionally we must even supplement our own stocks with imports.

Insofar as a precise reply to your question is concerned, the effect here can only be indirect. As a result of talks, we can, for example, develop a more effective concept for reducing the burden of the debt-servicing on the Polish economy. Discussions on price policy, the range of state control, subsidies, allowances, the budget deficit, etc., may also turn out to be helpful. True, these are not matters new to us. We have ourselves given a great deal of thought to them, and are still doing so, but the opinions of experts of international renown cannot be disdained.

[Question] Does not necessity for more export come down only to the need to service the debt?

[Answer] I admit that the thesis that a growth of export will lead to a reduction in the standard of living is incomprehensive to me. The examples of many countries--to say nothing of economics text-books--prove that it is precisely due to higher exports, making it possible to increase the size of imports, that an improvement in the standard of living can be achieved. Therefore, the necessity of a growth of export is a grave issue for the economy. It is important even when there is no indebtedness problem. It is not only a way to increase consumption, but also to improve efficiency, increase the flow of technology, and catch up with world achievements.

We are bandying slogans on structural changes. Yet we still have no remedy on how this can be done. I do not believe in the effectiveness of action based on a balancing approach to the economy and the exclusive use of instruments of central investments. Experience has shown that this method has not been successful even when the central authorities had enormous funds at their disposal. How, then, can one depend on this method when the funds are much smaller?

I believe that one of the basic prescriptions for structural changes may be a rate scale for enlarging the amount of foreign trade. The enterprises, endowed with all of the three S's [self-dependence, self-management, self-financing] could be the principle executors of this idea. They would be the advocates for such changes in organizations, designs and technologies, which would better adapt the state of production to the world that surrounds us. As a consequence, the goods produced by these enterprises could be sold on the international markets.

[Question] But what should be done so that our enterprises, and along with them the entire economy, would really turn towards export?

[Answer] Some of the economists are of the opinion that everything possible has already been done in the field of mechanisms. Yet the system is still not working. Others are of the opinion that the instruments must be perfected.

I believe that the entire problem lies somewhere in between. Certainly we have put into place many aggressive incentives for export, but at the same time we have also expanded many other aggressive incentives in connection with the domestic market, with savings in raw and other materials, etc. Under these circumstances, insofar as additional benefits are concerned, the enterprises have not one but many doors open to them. They select those that offer the easiest passage. Therefore, the first step is to reduce the number of these incentives and thus give the important ones, those connected with export, more weight.

Another step is to break through the psychological barrier. Our society does not know very much about economics.

[Question] Is it really that obvious?

[Answer] When we are talking in general terms this lack of knowledge may still be questionable. But when we talk in specific terms, the picture changes. In the Polish social consciousness, the following syndrome functions: Export is entirely bad and import is entirely good. And that is exactly the opposite of everywhere else in the world.

We give too little thought to our contemporary economic history. During the 1960's the market called for non-iron shirts. The PKO Bank, the PEWEX of that time, sold over a million of these shirts, for dollars, annually. When we entered into coproduction with Western firms, Polish shi;rts with a black rose flooded the European markets, and were alsoavailable in every one of our shops. It was the same with bicycles and electric irons.

[Question] And when a high level of technology comes into play?

[Answer] Naturally, it comes more difficult, but the principle remains the same.

Finally, we must also perfect certain existing tools. That is the case, for example, with exchange-rate policy. We cannot continue to tolerate its pro-import character. Almost everything that is imported--raw materials, other materials, machinery and equipment, components--is chaper for the producers than goods bought domestically. The more that the possessor of a retained hard currency earnings allowance imports, the healthier he is economically.

In my opinion, this tendency is murderous to efficiency. To say nothing about the fact that it seriously increases the pressure to import.

No Danger to Autonomy Seen In Loan Terms

Warsaw ZOLNIERZ WOLNOSCI in Polish 27 Jun 86 p 4

[Interview with Prof Michal Dobroczynski, department of World Economy and International Economic Relations at Warsaw University, by Henryk Kawka]

[Text] Poland has again been admitted to the International Monetary Fund and has applied for admission to the International Bank for Reconstruction and Development (IBRD). In connection with this, we requested an interview on this subject with Dr Michal Dobroczynski, professor in the department of World Economy and International Economic Relations at Warsaw University.

[Question] Henryk Kawka: What influenced Poland to rejoin the IMF?

[Answer] Professor Dobroczynski: First of all, we must say that the IMF is an institution that is part of the UN system and therefore our return to the fund is not only linked to specific economic needs but it also has a political character. It is based on the fact that we are implementing one of the important assumptions of our foreign policy, i.e., cooperation with the UN. Poland was always, in this respect, one of the countries which was particularly interested in having the UN and all of its special agencies function in accordance with the principles of the UN charter. We want to collaborate not just in selected activities of the UN, but in all of them. The IMF and the IBRD are two special organizations of the UN to which we belonged for 30-some years. Furthermore, we believe that if our political line is economic cooperation with all countries of the world regardless of their political systems, which is what our party program and the assumptions of our foreign policy state, then we must do everything necessary to make this cooperation harmonious and broadly encompassing. Membership in the IMF and the World Bank is one of the instruments which enables Poland to most efficiently develop economic cooperation with all of the countries of the world. And this should be emphasized, so that it should not be believed that we are joining the Fund for economic reasons alone, because of our known economic difficulties.

[Question] But they do have a certain significance...

[Answer] We must understand the difficulties which our country has faced in connection with the great economic crisis which we experienced during 1979-1982, and, well, we are now gradually overcoming it. We must remember that our debt to the second payments area [capitalist countries], in convertible currencies, amounts to $33 billion. We also owe approximately 55 billion rubles to some of the socialist states. We must pay these debts. We have obtained certain conditions which enable us to postpone debt installments, but this does not change the fact that for some time now we have been paying $1.5 to $2 billion dollars in interest each year. And this sum is only part of the interest which is due. If we were to pay all of the interest on a current basis, it would amount to $3 billion. At the same time, we must make sure that our economy is functioning normally, obtain technical means, equipment, materials, spare parts, etc. They are indispensable to our domestic needs and to start up the necessary export production without which there can be no talk about repaying our loans. In order to do this, for some time we must obtain new foreign credits. From this standpoint, admission to the IMF may be vitally important for a couple of reasons:

--First, the funds which we obtain from the Fund are generally large medium-term credits for a period of 3 to 5 years. The interest on them is clearly below the average rate demanded on Western markets. Thus the credits obtained from the IMF are advantageous.

--Second, membership in IMF and the obtainment of credits from this source is proof of our economic credibility. The fact that we are obtaining credits from IMF increases the confidence in us, as a creditor, of foreign state and private banks. It has been determined that in the past 10 years, $1 million of credit granted by the IMF makes it possible to obtain up to $3 million from these banks. Membership in the IMF gives credibility to the country as a creditor. It proves that it is conducting a correct economic policy and thus will be able to repay its loans.

--Third, a country which belongs to the IMF has certain rights regarding export of different goods and products and construction of industrial facilities in other countries. Thanks to credits granted by IMF and the World bank, various types of investment activity is being conducted throughout the world, and especially in the developing countries. Furthermore, only member-countries have the "right" to export goods and services using these credits. Therefore, we will have a greater export potential.

--Fourth, joining the IMF will make it possible for us to join the IBRD. This is very important to us. True, not all IMF members have a right to become members of the IBRD. The criterion set is a certain per capita ceiling of national income. We already know that we meet these requirements. Membership in IBRD may bring still greater financial benefits, because the Fund, as a rule, grants money only to solve current payments difficulties. The World Bank, on the other hand, grants funds for long-range development investment. These are long-term credits, granted for a longer period than those obtained from the IMF. The Bank gives credit for a term of 10 to 20 years. Obviously, these are much more favorable terms than those obtained on the world currency market.

[Question] Are there any political or economic requirements?

[Answer] Both IMF and the World Bank are specialized organizations. They conduct thorough, highly competent economic studies on the world economy, on international economic relations, including currency, and on the economies of individual countries. Naturally, this does not mean that the opinions, analyses, suggestions or advice of the experts in IMF or the World Bank should be, or have been, accepted uncritically. It must be said--and I know this from my own experience because at one time I worked in the UN secretariat and was able to see the materials prepared by these institutions pertaining to various countries, especially the African ones, and I must say that these were very professional and relevant reports and reasonable proposals for economic development. The debtor countries treated them very seriously, as being beneficial to them.

Poland is required to fulfill the same conditions for admission to the IMF and the World Bank as are required of other countries. These are primarily formal requirements, such as submission of an application. Then conditions specifying our contribution to the Fund had to be negotiated. As a rule, credit larger than 3-4 times the amount of the contribution cannot be obtained. Each loan is negotiated separately. These are not loans granted "in general." These are credits for specific economic purposes, which must be reasonable. If a given country does not reach an agreement on this with the Fund or the Bank, the credit is not granted. There is no doubt that eventual credits for Poland will be allocated for the expansion of export activities. And there will be no differences of opinion on this issue. That is, for selected sectors of industry and the agricultural economy.

No conditions are being required of us which would limit our sovereignty. We will simply comply with the rules which have been established by over 100 member-countries. We must emphasize that we are not reducing our control over any kind of area, over our domestic or foreign policy. Contrary to opinions sometimes expressed, a member-country retains complete autonomy in making any kind of decision. In entering into a particular credit transaction, a given country must agree to the measures suggested by the IMF to make the most efficient use of the credit, but if it believes that the advice or recommendations are not acceptable, it simply withdraws from the transaction. It must be said, however, that in its activities with third-world countries, the IMF frequently had to negotiate with the debtor countries which were not always able to properly utilize the credits granted by the Fund or the World Bank.

Not only do Western countries belong to the IMF, but many developing countries also. A good number of them have selected the pro-socialist road to development. Of the socialist states, Hungary, Romania and China are members of IMF. The more such countries in the Fund, the greater will be their influence in it.

Obviously, the Fund or the World Bank are not always right, but it is characteristic of them that they oversee the use of credit from the economic point of view. It also happens that what is correct from this viewpoint is not always correct from the social viewpoint. And here is where the differences of opinion occur when, for example, the IMF or the World Bank, advises "tightening of the belt" in consumption, and the government of a given state cannot do that for social reasons. Nevertheless, many suggestions are very good. Often they prevent a mania for largeness or investments for prestige reasons. But let us cite an optimistic example: Credits granted to Hungary for development of agriculture and the farm-food industry have enabled it to obtain very large amounts of foreign exchange from this production.

[Question] And can the IMF experts inspect our economy?

[Answer] The IMF experts who visited our country were here for the purpose of acquainting themseles with the general state of our economy and made no suggestions to us. Very rarely do they attempt to limit already existing social privileges. At the most, the suggestions may involve limitations on new ones. It is very hard to take away what has already been given a society. The experts can only familiarize themselves with the materials which we make available to them. From this standpoint, public life in Poland is very open. Our information on the subject of economy exceeds, in quantity as well as quality, the data published by the Western countries. The experts said that they were completely satisfied with the information and data given them.

The conditions set forth during admission to the IMF and the World Bank and during the granting of credits are and must be the same as required for other countries. They may be very specific, depending on the opinion of the experts. For example, in one case they can recommend the development of agriculture, in another case, industry.

In conclusion, I would like to emphasize that admission of Poland to the IMF and the World Bank is still one more important step in the process of the disintegration of the system of isolation, which the Western states wanted to impose upon us on the international arena. And one more thing. The admission of Poland to the IMF and the World Bank does not release us from the unqualified obligation to develop the means essential for the further economic development of our country and for the repayment of our foreign debts.

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FURTHER CRITICISM OF METALLURGY INDUSTRY MERGER

Corporative Structures Threaten Reform

Warsaw ZARZADZANIE in Polish No 3, Mar 86 pp 3-4

[Article by Marek Dabrowski: "Misunderstanding About Organizational Structures"]

[Excerpts] There is a battle going on about the further fate of the Polish economic reform. The recent 4 years of its implementation passed under the sign of institutional [systemowe] compromises. The reasons for this may be sought in political and economic factors; in the clashing of various concepts of the reform and of the interests of various lobbies in the administrative apparatus as well as sometimes in resistance of a doctrinal nature (this concerns, for example, the role of the market mechanism in the reformed economy). However, it appears that the possibilities of the policy of compromise have already been exhausted. Its further continuation would mean not only stagnation, the proverbial "running aground" of the reform, but its outright regression and gradual withdrawal into a command-directive system.

The discussions and controversy pertain to the practical functioning of the Polish economic system. During recent months, the problem of the shaping of economic structures has moved significantly to the forefront. The as yet unsuccessful attempts to create a gigantic branch monopoly in the iron and steel industry have become a direct stimulus for heated discussion on this subject. Everything points to that the outcome of this strife may turn out to be crucial to the fate of the reform in the next few years.

...However, when public opinion was preoccupied with the fate of the controversy about the draft plan of the metallurgical corporation, in the neighboring ministry an analogous structure was created--the Megat Corporation without publicity or public opposition. Twenty-one enterprises of the electrical and machine building industry, including such potentates as Zamech in Elblag, Dolmel in Wroclaw, and Elta in Lodz, lost their independence and self-government and were relieved of the rigors of self-financing. Therefore, de facto they lost the economic traits of an enterprise. Reform in a significant portion of the economy has become history.

Bureaucratic Workshops Do Not Idle Away Their Time

Concepts are emerging whose aim is to "improve" the organizational structures in the respective branches and divisions. In order to implement the, various tactics are being used: informal pressure exerted on directors and workers councils; short amount of time given to take a stand on ministerial projects; the promise of tax relief, budget subsidies and higher wages in return for voluntary incapacitation and similar moves. This is a classic "carrot on a stick" policy. It may come as a great surprise that the funcitonaries of the central administration, who are paid from the state coffers, instead of implementing the official policy of the government, which invariably proclaims the necessity of consistently putting into effect the economic reform, and protecting the binding laws channel all of their energy into activities aimed at circumventing or breaking the law, thus, exposing the state budget to the risk of a greater deficit than had been the case until now. I refer this matter to the attention of the agencies of state control and law and order.

Various pseudoscientific justifications, whose roots are in the intellectual relicts of the command-directive system, in unreliable reasoning or in simple ignorance play an important role in forcing through monopolistic projects. Let us take a closer look at this problem.

The First Mistake

The first mistake is the deceptive practice of referring to the experiences of the economy of Western countries. The advocates of concentration on the homeland very often claim that in looking at the example of other countries they are only trying to imitate or so to say, "catch up" to highly developed countries. It is their conviction that the domination in these economies of large corporations is the basic element of innovation and competitive power on international markets. This point of view is based on the obsolete picture of the present-day capitalist economy. Indeed, there was a period of the intensified processes of concentration and monopoly in its [capitalist economy] history but this occurred at the turn of the 19th and 20th centuries and perhaps as late as during the 1920's and 1930's. In the last decades, however, this process has slowed down and even reversed itself. Particularly characteristic in this respect is the period of intensified structural changes in recent years. These changes are brought about not in the least by economic giants but on the contrary, by small and average-sized enterprises. Small firms are credited with the development of the most modern fields, among others, microelectronics and with ushering in crucial innovations. Large "established" enterprises in general exhibit less efficiency than the so-called newcomers and run the risk of bankruptcy more frequently. The processes of deconcentration also include branches of the heavy and raw material industries. Thus, those areas of the country where the stereotypes about the advantages of concentration are exceptionally strong.

It would be worthwhile to present a few crucial reservations here. First of all, even the largest corporations in the West do not operate on the basis of absolute monopoly because they are under pressure from foreign competition and the continual appearance on the market of new manufacturers.

Under Polish conditions both of these "safeguards" are blocked. The first one, because of the lack of the convertibility of currency, the state control of foreign exchange, and the monopolistic attitude of the majority of the foreign trade enterprises, and the second--because of strict licensing [koncesjonowanie] of ministerial barriers, etc.

Secondly, the growth of corporations after World War II occurred in most cases in the form of conglomerates; i.e., through the diversification of the activity profile. This process did not, therefore, threaten with monopolistic results. In Poland, attempts are made at forcing through branch concentration leading to absolute, administratively protected monopolies.

Thirdly, the argument about "catching up" with the West is not accurate in that, strictly speaking, there is no economy among highly developed countries that is as highly concentrated as the Polish economy. In addition, our form of concentration is a purely organizational and not a technological phenomenon. The artificial merging of coastal plants with those from the area of Bieszczady into one body does not increase production. This leads to the internal bureaucratization of an enterprise, to the erosion of the economic account in the particular constituent entities, and to the weakening of self-government (in such a complex body, the work force does not have the opportunity to exercise direct control over the processes of management).

Fourthly, the majority of large corporations are organizations with a high degree of internal decentralization. Individual divisions often have a much greater degree of economic independence (together with the right to compete with each other) than Polish enterprises that identify themselves with the "three S'" formula.

To conclude of this litany of objectives, let us add one more thought. Many so-called experts on the subject of organizational structures in the economy of the West exhibit a very characteristic lack of consistency. In analyzing the functioning of the capitalist economy, they stress the social, economic and political harm of concentrating capital and of monopolistic processes. At times, these assessments are excessively tarnished. The experts do not take into consideration such factors as international competition, cost-quality competition or the threat of a new producer on the market. However, this does not prevent these persons from proposing administratively imposed processes of concentration in the socialist economy.

The Second Mistake

The second mistake is based on shifting the principles, which are binding at the time of shaping structures within the administration, within the army, within enterprise management boards, etc. to the sphere of the organizational structure of the economy. If the striving for a clear organizational distinction of the powers of the administrative agencies of a given echelon (e.g., ministers within the framework of the government or divisions within the management of an enterprise) is justified, so the same type of striving with respect to the activity profile of enterprises inevitably leads to monopolistic consequences. In any case, this is the way that the popular concept of the 1970's of branch "purity," which only brought about so much harm to the economy, was born.

Another characteristic misunderstanding of this type are the complaints about the allegedly excessive range span of enterprise management on the part of parent agencies who are supposed to justify the need for reviving intermediate echelons. The discussion alone on the issue whether this range is extensive or small carries within it the characteristics of a substantive error. The span of management may be talked about in the case of a hierarchic structure of, for example, an administration, the army, an enterprise's internal organization, etc. In a reformed economy there should not be a hierarchic dependence of an enterprise on a superior entity. Continued thinking patterned after the command-directive system attests to the inability to understand the principles of the reform.

Another Mistake

The next mistake is related to underrating or the downright conscious negating of the role of the market mechanism in the reformed economy. The unswerving argument of the opponents of the consistent implementation of market relations is as follows: they [market relations] cannot be applied in the economy of Poland because it is excessively monopolized and there is a lack of competition and a lack of prospects for the differentiation of the economy. Perhaps it would be worthwhile to turn the economy in a promarket direction but this will be possible no earlier than in a dozen or so years.

I do not want to debate this viewpoint in this article since such a discussion would exceed its topical framework. However, it is worth noting that pushing for artificial organizational concentration worsens the already bad organizational structure of the Polish economy and moves it further away from the prospects of marketability (in accordance with the conditions set by skeptics) pushing it into an indefinite future. It is also necessary to be aware of the fact that the negation of market mechanisms and instruments inevitably sentences the economy to command-directive methods and the degeneration associated with them. There is no third road to take.

The Fourth Mistake

And finally the fourth mistake pertains to the indefiniteness of who should make decisions. Many specialists, who primarily represent the science of organization and management, have accumulated a great deal of work on optimal enterprise structures, and on the methods of planning and implementing them. This work represents concepts that are very valuable and very useful in economic practice. However, a characteristic gap--the lack of an answer to the question who should decide about the selection of the most suitable organizational structure for a given enterprise--may be observed in many of the concepts. Should this be decided by an enterprise's agencies on the basis of its "microeconomic" account or should ministerial officials decide about what is best for an enterprise's economy? This is the key dilemma in the problem matter considered here. Let us return once again to the example of highly developed countries to which the advocates of reorganization from the top refer to so readily. Dynamic processes of changes in the economic structures take place in these countries. As I have already mentioned, processes of deconcentration have been dominant in recent years, although this is the resultant of bidirectional processes (concentration and separation). However, all of these decisions; i.e., the establishment of a new enterprise, division, merging, the buying out of another enterprise, etc. are made by an enterprise on the basis of open economic calculation and with the assumption of financial risk. The right move may bring significant financial benefits, whereas a mistake may even end in bankruptcy. However, what does a functionary [urzednik] risk under our conditions in carrying out reorganization from the top from behind his desk? This question has a purely rhetorical character. In a market economy, structure generating processes proceeding from the bottom are controlled by the state so that in this way it [the state] may prevent monopolistic phenomena and practices. The reverse is true in the Polish economy. Administrative monopolistic processes proceeding from the top, against which enterprises try to defend themselves for fear of losing their independence and self-government, are dominant.

If the Reform Is to Be a Success

If the reform is to be successful, this situation has to be turned around. It is necessary to set in motion on a broad scale structure generating processes from below that would be conducive to demonopolizing, modernizing and making the economy more flexible. What is of primary concern here is to create mechanisms that would promote the creation of new enterprises, the economically justified division or merging of those currently existing, doing away with administrative barriers to the diversification of production, entering new fields, etc. Instead of pushing for concentration [economic], the central administration should protect the public and the economy from monopolistic structures by means of the antimonopoly law.

Such radical reorientation in the ways of thinking and acting will not happen by itself. It is necessary to bring to a conclusion the reform of the economic center. What is of main concern here is the postulate, which has been repeated for years, about the elimination of branch ministries and the ministerial subordination of enterprises. Is it possible that the negative experiences of the Hungarian economy, where the branch ministries left to themselves hindered reform for a dozen or so years, taught us nothing? Must we repeat the same mistakes? After all, it is not by accident that the concepts of consortiums, factories, corporations, and other similar monopolistic creations come into being in branch ministries. The best protection against necessary changes is to try taking the offensive by delighting enterprises with unfortunate reorganizational concepts, thereby forcibly creating a justification for one's own existence.

Council Advised Against Incorporation

Warsaw ZYCIE GOSPODARCZE in Polish No 22, 1 Jun 86 p 2

[Article by Irena Dryll: "Pause for Breath or...a Change of Front?"]

[Excerpts] Despite the existence from 1 April of this year [1986] of the Corporation of Iron and Steel Enterprises [Wspolnota Przedsiebiorstw Zelaza i Stali] the problem of organizational structures in the metallurgical industry remains unsolved. This is not only because from among 52 metallurgical entities several giants did not join the corporation; i.e., the Lenin Steelworks, Bierut Steelworks, Batory Steelworks, Baildon Steelworks, Warsaw Steelworks and several "little guys"--a descriptive term used by people from the branches--but also because the inherent flaws of this creation are so serious that they make it necessary to look for other alternatives.

The necessity of continuing the search for the proper international formula was also discussed in the company of interested persons at the recently held session of the Warsaw Steelworks Workers Council.

Each of the participants at the session received a set of expertise reports prepared at the request of the Workers Council of the Warsaw Steelworks and dealing with the agreement and with the draft plan of the statute of the existing corporation. The council chairman read fragments from and discussed the reports of: Prof Teresa Rabska, chairman of the department of the management of the national economy at the University of Poznan, and Prof Josef Pajestka, director of the PAN [Polish Academy of Sciences] Institute of Economic Sciences. The chairman informed those gathered that the professor is a member of the PZPR Central Committee Commission for Economic Reform and Policies and the Economic Reform Commission. The author of the third expertise report, Dr Marek Dabrowski from the PAN Institute of Economic Sciences, presented his position personally. The reports are comprehenisve and widely documented; therefore out of necessity I shall limit myself to presenting several excerpts.

Prof T. Rabska (legal expertise report) notes that the resolutions of the agreement on creating a voluntary association called the "Corporation..." are aimed at restricting the legal position of a state enterprise because they violate its fundamental principles.

--The principle of independence is violated by, among other things, the resolution which specifies that a corporation [wspolnota] represents enterprises before agencies of the state administration and also by the shifting of certain enterprise powers to the association [zrzeszenie] and by the financial dependence on it in many crucial matters as well as according the corporation council resolutions a binding character for all of its members (without the right of separate vote [votum separatum] of an enterprise that is not interested in the resolution or for which the resolution is in conflict with its interests).

--The principle of self-government is violated by the limiting of the powers of enterprise agencies in terms of planning, investments and financial management as well as by the reduction of the possibilities of influencing self-government to shape the directions of enterprise activity.

--The principle of self-financing is violated in particular by the centralization at the corporate level of a significant portion of the funds saved by an enterprise and making it [enterprise] dependent in this respect on the resolutions of the corporation council and the decisions of its chairman.

The gist of the association and its position toward enterprises defined as in the agreement is in conflict with the law on state enterprises. In the opinion of Prof Rabska, this is particularly evident in that first of all, in the provisions of the agreement the goal of the activity of the association has been identified with the goals of the central administration (of the parent agency) and tasks (administrative functions) belonging by right of law to the minister were imposed on the association. Therefore, in practice the association can be treated--as described by Prof Rabska--as an extension of the arm of central administration toward the incorporated enterprises. Secondly, the rights granted to the association, the binding (commanding) forms of the functioning of its agencies, and the financial means "attributed" to the corporation in a permanent manner, indicate that the association is treated as a separate level of managing the national economy to which enterprises will become subordinate.

The defined powers, among other things, of the association managing director who, for example, may exercise control over the financial means and funds of the corporation as well as over the centralized accounts of fund sources in accordance with the directions determined by the corporation council and who also may exercise control over half of metallurgical products of the corporation members, are discordant with and contrary to the intentions of the law on state enterprises. "In some respects," emphasizes Prof Rabska, "he will have a legally stronger position than the minister with regard to enterprise agencies. His decision cannot be revoked."

The individual clauses of the corporation violate not only the law on self-government but also the law on socioeconomic planning and financial management. One may risk stating that if there were an antimonopoly law, there would be deviations from it as well. "In the agreement of the corporation, dangerous monopolistic tendencies appear," states the author of the expertise report. They are expressed in many resolutions which, in particular, pertain to price, cadre and wage policies. They are, in general, reflected in the concept itself of the association, which encompasses--purposefully--the entire branch, which exercises control over a significant portion of its [branch] financial means and which is endowed with broad powers which even a minister would envy.

"Cannot the violation of the law be legally stopped?" asked Jan Nowicki, a council member, during a break in the deliberations.

Dr M. Dabrowski (economic expert's report) pointed out, among other things, the problem of the very broad range of the redistribution of funds between the corporation members by means of the institution of centralized development, technical-economic progress and foreign-exchange funds. The corporation council may pass a resolution regarding the creation of other centralized funds which have not been provided for in the agreement. Meanwhile, as pointed out in practice such funds in general serve the redistribution of financial means from more to less efficient enterprises and the financing of developmental ventures which do not fulfill the requirement of an economic account "and these," he [Dr M. Dabrowski] added, "are the fundamental sins against the reform."

Such concerns are confirmed in some of the entries of the agreement. As far as monopolistic tendencies are concerned, they are reinforced by the corporation's assumption of compulsory intervention in the area of metallurgical products and the affiliation with it [corporation] of Centrostal. This makes it possible to put pressure on the center for the purpose of obtaining further privileges for its members that are not justified by economic results. The author of the report makes reference to the appropriate clauses of the agreement which directly point to this. He also calls attention to an extremely important issue--responsibility. In his opinion, as opposed to enterprises, the economic responsibility of a corporation for the assumed economic actions and decisions is illusory. The intentions, which can be read into the agreement, are purely declarative.

"Therefore, I cannot recommend to any workers council of any enterprise to join this type of body," stated Dr Dabrowski. "An enterprise that has good economic results can only stand to lose from this whereas one that has problems--will not get rid of them. The method of 'socializing poverty,' restricting independence and self-government, and at the same time diluting economic responsibility has never proved to be the remedy for poor management efficiency anywhere."

Prof J. Pajestka (economic expertise report) called attention to the conflict of direction between the formula of incorporation and the reform. He added that this is undoubtedly not intentional but that actions should be evaluated not in terms of intentions but results. "Incorporation breaks off with the fundamental solution of the reform which is relying on the enterprise as the fundamental unit in which the economic account is conducted and where decisions are related to responsibility." A corporation has the right to allocate funds and to program development without basing itself on any kind of economic account and without guaranteeing responsibility for results. Therefore, the same solutions that did not prove themselves over dozens of years are again being taken up.

"In the agreement," claims the professor, "there is no indication of even the slightest thought being given to the ways of protecting the functioning of responsibility in the bureaucratic apparatus, which can make decisions and without a doubt will be capable of manipulating decisionmaking processes Organizational solutions must serve efficiency and in this case this is not happening."

The divergence between incorporation and the reform arises--as can be deduced from the expertise report--from a different look at the factors of economic progress. The reform is geared toward enterprise, initiative, cadre responsibility and an extensive enterprise aktiv. However, in the documents of the corporation the idea that centralized management will enable the "optimum use of production factors" is dominant. That is why, according to the professor, the goals of the corporation are formulated in a way that ignores the role of initiatives proceeding from below and social responsibility. He expands on this "philosophy of divergence"--if it can be described as such--in the following manner: the driving forces behind socialism cannot depend only on state activity and state pressure. The state apparatus has exhausted to a large extent its potential of propelling progress. That is why the reform stresses the importance of the role of enterprises seeing in their independence, self-government and self-financing the primary factors that boost progress.

However, as far as the issue of the possible joining of a corporation is concerned, the conclusion is as follows: with its existence and activity, the position of a metallurgical enterprise, which finds itself outside of this strong structure may in many respects be tactically unfavorable. However, the negative consequences of not joining a corporation may be, according to the professor, temporary and not particularly severe.

At the same time, the professor cautions that the critical attitude toward the solutions of the corporation, which contradict the reform and threaten strategic planning and central management geared toward national public interests with paralysis, cannot lead to negating the need for industrial integration and ceasing to search for the most suitable forms of this integration; i.e., within the framework of the reform assumptions and not contrary to them.

Enclosed within this framework is the draft plan of creating Polska Stal [Polish Steel]--a voluntary association of metallurgical enterprises, whose concept in terms of the law is similar to the institution of civil law. This concept arose from the initiative of Warsaw Steelworks and Batory Steelworks and in mid-January of this year [1986], it was presented to the minister of metallurgy. This occurred before the first meeting of enterprises with regard to creating a corporation which was held at Katowice Steelworks on 27 January of this year and which ended with the signing of access to the corporation by 15 enterprises. Currently, 30 some units have come under this "umbrella" of their own free will. (The draft plan of the agreement of the Polska Stal association prepared by the commission made up of Andrzej Milkowski, Stanislaw Pirog (illegible] and Docent Hubert Izdebski, was presented in ZYCIE GOSPODARCZE No 5/86.

"Where do we stand?" was the question asked of A. Milkowski, who chaired the steelworks council during the past two terms and who was invited to the meeting in order to inform the council of what is happening with Polska Stal. It turns out that nothing is happening. The correspondence between the steelworks council and the minister broke off on 11 February of this year. The meeting of the interested steelworks, in which in accordance with the made announcement, the representative of the ministry was to take part, never came about. The council was also not informed about the results of the substantive analysis of the draft plan of the Polska Stal association. In a message of 22 January [1986], the minister informed that this draft plan was submitted for such analysis to the ministry. And this is a shame because regardless of its good points and mistakes, it is worthy of attention. It points out that we can try to work together not only in a corporation.

This is how it [draft plan] was evaluated at the meeting of the problem solving commissions of the workers councils of the "Batory," "Beirut" and "Warszawa" steelworks in which the representatives of the Szczecin Steelworks also participated as an observer. (The meeting was held on 25 April [1986] in the Warszawa Steelworks.) The common stand on the issue of creating nonplant structures in the metallurgical industry was discussed. This position became the basis for the resolution passed at the discussed meeting of the steelworks council.

In the resolution, the council upholds its negative assessment of the agreement and draft plan of the corporation (the first resolution in this regard of August 1985 pertained to the previous version of incorporation assessed at that time as discordant with the binding law and order and assumptions of the reform. It follows from the expertise reports that not much has changed). The resolution also maintains a positive evaluation of the draft plan of the Polska Stal association and expresses the opinion that it is in the interest of the steelworks, of the steelworks branch and of the national economy to create a nonplant structure on the principles described in this draft plan. The council resolution favors the continuation of activity aimed at creating such a structure. It declares its unanimous approval of it.

It is possible that the director foresaw this and needs to pause for breath or perhaps has succumbed to the arguments of experts and has changed his front--for which he deserves praise, and again, it is possible that he wants to see what the corporation will do and for whom. In talking to me, he does not lay his cards on the table because the corporation game is a great unknown, in which--as demonstrated by the number of members--many are counting on winning.

"The corporation is also implementing the three S' formula," stated chairman Pawlowski, "as being old tried and true methods (Stare, Sprawdzone Sposoby]." Therefore, the game continues on. This a game where not only the structures of the metallurgical industry come into play but also the concepts of management and development as well as the three S' formula which can mean what it should: reform or perhaps the old tried and true methods. Within this framework, there is open talk at various levels about much higher stakes than those that I have mentioned--about "transferring power." Meanwhile, in accordance with the law in force, these powers cannot be taken away from an enterprise even if it were to "relinquish" them "on its own" and "transfer" them. In the hope of winning, this small detail does not count at all.

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DECREE ON MINISTRY OF MINES, PETROLEUM, GEOLOGY

Bucharest BULETINUL OFICIAL in Romanian Part I No 39, 28 Jun 86 pp 1-5

[Council of State Decree 227: "Decree of the Council of State on Organization and Operation of the Ministry of Mines, Petroleum, and Geology"]

[Text] Decree of the Council of State on Organization and Operation of the Ministry of Mines, Petroleum, and Geology

The Council of State of the Socialist Republic of Romania hereby decrees the following.

CHAPTER I

General Provisions

Article 1. The Ministry of Mines, Petroleum, and Geology is responsible for implementation of the policy of the party and state in the area of extraction and preparation of coal, ferrous and non-ferrous minerals, nonmetallic substances, and salt, extraction and transportation of petroleum, extraction, transportation, and distribution of natural gas, and geology.

Article 2. The Ministry of Mines, Petroleum, and Geology manages, directs, and supervises the activities of the units subordinate to it and bears full responsibility as plan administrator for fulfillment of the plan in its area of activity.

Article 3. The Ministry of Mines, Petroleum, and Geology acts as the central coordinating authority for the activities under its jurisdiction for all socialist units subordinate to central or local state authorities.

Article 4. The Ministry of Mines, Petroleum, and Geology ensures implementation of the laws, decrees, and resolutions of the Council of Ministers in its activities.

Article 5. The Ministry of Mines, Petroleum, and Geology cooperates with the other ministries and central authorities and with local authorities for the purpose of performing the functions assigned to it.

CHAPTER II

Functions

SECTION I

General Functions

Article 7. The Ministry of Mines, Petroleum, and Geology is responsible, within the framework of the unified national plan of economic and social development, for increase in the production of coal, ores, non-metallic substances, petroleum, and natural gas and for discovery of reserves of useful mineral substances needed to replace reserves already exploited and for ongoing development of mineral raw materials resources, in accordance with the provisions of long-term programs. For this purpose:

(a) It prepares development studies and programs, taking into account worldwide trends in technical progress, as well as the prospects for development of the production of coal, ferrous and non-ferrous ores, petroleum and natural gas, and other useful mineral substances on the domestic and foreign markets.

(b) It prepares draft annual and long-term plans and special programs for individual products and activities, on the basis of original studies and recommendations by subordinate units.

(c) It takes measures to ensure rational working of deposits of solid useful mineral substances, application of technologies for extraction and preparation of these substances under conditions of high productivity and modernization of production processes, full utilization of the entire number available of producing petroleum and gas wells, application and extension of processes for increasing the factor of petroleum recovery from deposits, as well as for adaptation of extraction technologies as a function of the specific conditions of each deposit.

(d) It coordinates and directs geological activities over the entire territory of the country, with the aim of discovering and increasing the reserves of useful mineral substances and of ensuring utilization of all surface and subsurface mineral assets, so that the extent of provision of extracted reserves will be maintained and will increase.

(e) It supervises and is responsible for the protection and rational working of deposits of useful mineral substances, both on the surface and underground, and for execution and completion of geological projects.

(f) It is responsible for preparation and application of the standard rates of consumption of raw materials, intermediate materials, and fuels; takes measures to effect ongoing reduction of material, energy, and manpower consumption, and ensures recovery and utilization of reusable material and energy resources; monitors and takes measures for rational use of natural gas consumed in all sectors of the national economy.

(g) It organizes the preparation of studies relating to the requirements for raw materials, intermediate materials, and equipment for subordinate units; ensures balancing of the raw materials, intermediate materials, and product budgets under its jurisdiction; draws up materials budgets for the products for which it is the coordinating authority.

(h) It ensures ongoing improvement in the quality characteristics of the products and activities under its jurisdiction, with the aim of meeting the needs of the national economy and increasing their competitiveness on the international market; is responsible for ensuring rational and safe use of plant and equipment, and for compliance with technical standards relating to maintenance and repair of such plant and equipment.

Article 8. The Ministry of Mines, Petroleum, and Geology organizes and is responsible for constant elevation of the technical and quality level of products and activities under its jurisdiction, for which purpose:

(a) It coordinates and directs the scientific research, technological engineering, and planning and design activities of its subordinate units.

(b) It monitors the results of scientific research and is responsible for their utilization, ensuring the introduction of technical, scientific, and economic progress in its subordinate and coordinated units.

(c) It directs invention and innovation activities and concerns itself with dissemination of the most important accomplishments.

(d) It organizes standardization activities in its area of activity and makes proposals regarding type norms and standards.

(e) It organizes the documentary information activities specific to its sphere of activities and ensures information of subordinate units regarding trends in technical progress on the national and international scale.

(f) It coordinates and monitors metrology activities in subordinate units.

Article 9. The Ministry of Mines, Petroleum, and Geology organizes and coordinates the activities of foreign trade and economic, technical, and scientific cooperation with other ministries and central authorities in Romania and with partners abroad, in its sphere of activity. For this purpose:

-- It draws up its export plan, makes proposals regarding the volume, structure, and orientation of long-term trade and is responsible for performing the export tasks assigned to it and for tasks in the are of international economic cooperation.

-- It ensures and is responsible for application of international conventions and agreements relating to the activities of the ministry; supervises and ensures fulfillment of the obligations deriving therefrom.

SECTION 2

Functions in Individual Areas of Activity

Article 10. The Ministry of Mines, Petroleum, and Geology has the following principal functions in its areas of activity:

A. In the area of extraction and preparation of coal, ores, and non-metallic substances

(a) It is responsible for achievement of the planned output of coal, ferrous and non-ferrous ores, and non-metallic substances, and for complete use of mining production facilities.

(b) It takes measures and is responsible for rational working of deposits of solid mineral substances and for application of mineral extraction and preparation technologies under conditions of high productivity and modernization of production processes.

(c) It is responsible for execution of the projects and for increase in the reserves of solid useful mineral substances specified in its own program.

(d) It establishes measures and monitors creation of conditions for conduct safety of production processes in mines, quarries, and preparation plants in full safety.

(e) It takes measures to ensure execution of the mine opening and preparation operations specified in the plan and in the general exploitation programs.

(f) It monitors maintenance of reserves of useful mineral substances for ensuring the normal level of operation.

B. In the area of petroleum and gas extraction

(a) It is responsible for ensuring the planned output of petroleum and natural gas, for immediate exploitation of newly discovered deposits of petroleum and gas, for full use of the entire number of producing wells, and for accomplishment of tasks relating to drilling and operating very deep wells and offshore wells.

(b) It takes measures and is responsible for rational exploitation of petroleum and gas deposits and for adaptation of extraction activities as a function of new deposit conditions.

(c) It is responsible for execution of its own program of geological projects and for accomplishing tasks conducted to increase petroleum and gas reserves.

(d) It monitors application and extension of processes for increasing the factor of petroleum recovery from deposits, in accordance with the approved exploitation projects and programs.

(e) It ensures application of measures relating to prevention of blow-outs and accidents in wells during drilling and in petroleum and gas production.

C. In the area of geological activities

(a) It is responsible for surface and subsurface geological research, for discovery of all useful mineral substances, and for determination of the reserves of useful mineral substances and establishment of the conditions of utilization.

(b) It takes measures and is responsible for carrying out useful the mineral substance reserve plan established in accordance with the provisions of the unified national plan of economic and social development.

(c) It prepares economic geological studies and summaries relating to the results of geological projects and long-term increase in reserves of useful mineral substances; periodically updates geological reserve predictions.

(d) It analyzes and reviews the plan proposals for geological projects of ministries, other central state administrative authorities, or executive committes of people's councils of counties and of the city of Bucharest.

(e) It establishes mining areas, as well as hydrogeological protection areas, for mineral water deposits, therapeutic springs, and accumulations of therapeutic mud.

(f) It reviews geological and technical-economic documentation relating to the orientation, suitability, and execution of geological projects, technical and economic documentation relating to the opening or development of the working of deposits of solid useful mineral substances and to commencement of the drawing of liquid useful mineral substances, including subsurface water, and documentation relating to abandonment of reference wells, prospecting, and exploration for liquid useful mineral substances, discovery of reserves of useful mineral substances, partial or total closing of mines and quarries, and establishment of operating areas and long-term shaft pillars.

(g) It organizes the geological fund of the Socialist Republic of Romania and maintains records of the results of geological projects.

(h) It prepares and publishes official maps of all classifications specific to geological activities.

D. In the area of official confirmation of geological reserves

Together with the State Planning Committee and the Ministry of Equipment and Material Supply and Control of Fixed Asset Management, it confirms reserves of useful mineral substances classified according to the degree of geological knowledge and exploitation potential and monitors the evolution of the national stock of useful mineral substance reserves. For this purpose:

(a) It establishes, in the confirmation document, measures and recommendations for ensuring a suitable degree of knowledge of geological reserves and of the useful mineral content of such reserves and for creation of conditions for comprehensive utilization of these reserves.

The document confirming reserves of useful mineral substances represents the instrument on the basis of which documentation for investment project approval is substantiated.

(b) It analyzes reserve evaluation documentation and other documentation forwarded by ministries, other central state administrative authorities, and the executive committees of the people's councils of counties and of the city of Bucharest, for the purpose of confirming reserves.

(c) It organizes the maintenance of central and local records of useful mineral substance reserves, which it forwards to the State Planning Committee, the Ministry of Equipment and Material Supply and Control of Fixed Asset Management, and the executive committees of the people's councils of counties and of the city of Bucharest.

(d) Together with the ministries, other central state administrative authorities, and the executive committees of the people's councils of counties and of the city of Bucharest concerned, it establishes annual programs concerning deposits for which reserve evaluation documentation is to be prepared, for the purpose of official confirmation of such deposits and exploitation of reserves of useful mineral substances.

(e) Following consultation with the ministries and other central state administrative authorities concerned, it issues mandatory standards relating to determination, classification, evaluation, and maintenance of records of reserves of useful mineral substances, as well as to the content of documentation on mineral reserves.

(f) It organizes and periodically updates reserves of each useful mineral substance, by confirmation on the basis of reserve evaluation documentation.

E. In the area of geological mining supervision

It supervises protection and rational working of useful mineral substance deposits, both on and below the surface, as well as the execution of geological work. For this purpose:

(a) It verifies the execution of geological and extraction work in accordance with decisions and, respectively, the approved technical and economic documentation and with the annual extraction programs.

(b) It monitors the implementation of measures for increasing the factor of recovery from deposits of hydrocarbons, in accordance with the provisions of the exploitation projects.

(c) It supervises to ensure rational exploitation of deposits of mineral water, therapeutic springs, accumulation of therapeutic mud, and mofettes, as provided by law.

(d) It monitors the completion of hydrogeological projects for drainage of aquiferous formations in deposits of solid useful mineral substances and for hydrogeologic drilling for aquiferous strata of drinking, mineral, and industrial water at great depths.

(e) It monitors application of the geological research methodology specified in the projects approved for reaching the objectives set, and also the measures and recommendations contained in the reserve confirmation documents.

(f) It monitors the collection, processing, and preservation of geological samples.

(g) It monitors the application of measures connected with prevention of blow-outs.

(h) It inspects to make certain that, during production tests with geological research wells for hydrocarbons, all the geological information obtained as a result of the drillings performed, as well as the data and results obtained in production tests with other structural wells, will be taken into account in inventory of collector formations, so that conclusive data concerning the content of strata will be obtained.

(i) It prepares draft standards relating to protection and rational working of deposits of useful mineral substances.

(j) It approves the annual programs for mining of solid mineral substances and the documentation relating to establishment of long-term shaft pillars, and verifies proper application of the provisions of the approval documents.

(k) It approves documentation relating to the opening of mines and quarries of a temporary nature and documentation relating to suspension of mining operations in view of the situation as regards reserves of the pertinent solid useful mineral substances.

SECTION 3

Other Functions

Article 11. The Ministry of Mines, Petroleum, and Geology also performs the following functions:

(a) Within the limits of its authority, it approves technical and economic documentation relating to investment projects; organizes, directs, and monitors the activities of planning, design, and execution of investment projects and takes measures to ensure observance of deadlines for project activation; approves standards and uniform estimated costs for geological and drilling operations;

(b) It establishes the construction characteristics of mine opening operations and approves nationally applicable standard estimates for such operations.

(c) It determines the circulating capital requirements for its subordinate units, in accordance with the standards set by law.

(d) It analyzes the periodic financial statements and reports of its subordinate units and draws up such statements and reports relating to the activities of the ministry as a whole.

(e) It draws up and executes, pursuant to law, the income and expenditure budget for the central administration of the ministry and its subordinate budgetary units.

(f) It performs, pursuant to law, the functions assigned to it relating to prices and rates in its area of activity.

(g) It establishes, pursuant to law, measures relating to labor safety for prevention of labor accidents and vocational diseases in its subordinate units.

(h) It directs and coordinates the activity of organizing production and labor in its subordinate units; organizes the activity of preparation, application, and monitoring of the implementation of labor standards for all categories of personnel in its area of activity; organizes the preparation of unified economy-wide labor standards operations for which it is determined to be the initiator, approves the specific rating methodologies and unified standards for its sector, subsector, and other activities, and monitors their application; promotes the introduction of modern methods and techniques in organization of production and management of economic units.

(i) It is responsible for application of party and state policy in personnel and wage activities. For this purpose:

-- It establishes uniform criteria for selection, elementary and advanced training, and promotion of personnel in its sector and subsectors of activity and monitors the application of these criteria.

-- It determines long-term personnel needs and takes measures for organization of the elementary and advanced training of personnel, as provided by law.

-- It hires personnel for its own administrative apparatus; appoints the management officers of centrals, integrated enterprise groups, and directly subordinate units, as provided by law.

-- It is responsible for tasks assigned to it in connection with integration of education with production and scientific research, coordination of the activities of dually subordinate educational units, in the area of preparation and fulfillment of annual research, development, and microproduction plans.

-- It ensures uniform application of the wage standards applicable to flatwork and piecework in its areas of activity.

Article 12. The Ministry of Mines, Petroleum, and Geology is also responsible for the performance of other functions provided by law.

Article 13. The Ministry of Mines, Petroleum, and Geology may request the documentation, data, and information required for the performance of its functions from the ministries, other central state administrative authorities and the executive committees of the people's councils of counties and of the city of Bucharest, and from the units subordinate thereto.

CHAPTER III

Organization and Operation

Article 14. The Ministry of Mines, Petroleum, and Geology is managed by a management council which makes decisions in general matters relating to the activities of the ministry. Collective management of the routine activities of the ministry and assurance of implementation of the decisions of the management council are effected through the executive office of the council.

The management council of the ministry and the executive office of this council, which are deliverative bodies, are organized and operate in accordance with Decree No 76/1973 on management of the ministries and other central state administrative authorities on the basis of the collective management principle.

Article 15. The minister informs the management council of the ministry of the principal problems resolved during the period between council meetings.

Article 16. The management element of the Ministry of Mines, Petroleum, and Geology includes a minister, a first deputy minister, and five deputy ministers.

The first deputy minister and deputy ministers are appointed by presidential decree, and their duties are established by the management council of the ministry.

Article 17. The minister represents the ministry in relations with other authorities and organizations in the country and in international relations.

Article 18. A technical and economic council is established and operates as a working body under the collective management organs of the Ministry of Mines, Petroleum, and Geology, in accordance with Decree No 78/1973.

Article 19. The following units are established and operate within the Ministry of Mines, Petroleum, and Geology, on the basis of the principle of worker self-management and autonomous economic and financial management:

(a) The Coal Department-Central.

(b) The Metallic and Non-Metallic Ore Department-Central.

(c) The Petroleum and Gas Department-Central.

(d) The Geological Prospecting and Exploration Department-Central.

Article 20. the department-centrals specified in Article 19 are plan administrators having targets listed separately in the unified national plan of economic and social development, as components of the plan of the Ministry of Mines, Petroleum, and Geology. They are directly responsible for reaching the targets assigned in the unified national plan of economic and social development.

The department-centrals are legal entities and perform the functions assigned to centrals and departments pursuant to law.

Article 21. The department-centrals are directed by a deputy minister, who also acts as the general director of the department-central.

Article 22. The Ministry of Mines, Petroleum, and Geology has the following divisions in its organizational structure:

(a) The office of planning, finance, supply, marketing, transportation, and foreign trade.

(b) The office of investment, technology, and mechanical and power engineering.

(c) The office of review and official confirmation of geological reserves.

(d) The office of organization, auditing, and personnel training and wages.

(e) The State Geological Mining Inspectorate.

Article 23. The organizational structure of the individual operating divisions and the maximum number of personnel in the administrative apparatus of the ministry are specified in Annexes 1 and 2 (which are forwarded to the institutions concerned).

Article 24. The functions of the department-centrals and of the other divisions in the structure of the Ministry of Mines, Petroleum, and Geology are established, pursuant to law, by the regulation governing organization and operation approved by the management council of the ministry.

Article 25. The Ministry of Mines, Petroleum, and Geology has the units specified in Annex 3 directly subordinate to it.

Article 26. The subordination of the units specified in Annex 4 is to be changed.

CHAPTER IV

Final Provisions

Article 27. The labor personnel assigned to the Ministry of Mines, Petroleum, and Geology, and also personnel transferred to other units, as a result of establishment of the Ministry of Mines, Petroleum, and Geology, are considered to be transferred in the interests of the service.

Article 28. Personnel transferred in the interests of the service or assigned in the same unit to positions at lower wage levels, and personnel becoming surplus as a result of application of the provisions of this decree, are entitled to the benefits provided in Article 21 of Decree No 162/1973 on establishment of uniform structural standards for economic units.

Article 29. The Ministry of Mines, Petroleum, and Geology will be equipped with three passenger automobiles for its own administrative apparatus and with six passenger automobiles and nine general-purpose transportation automobiles for the department-centrals in its structure. The annexes to Decree No 277/1979 on measures for rationalization of fuel consumption and economical management of the motor vehicle fleet will be correspondingly implemented.

Article 30. The provisions of Decree No 367/1980 on measures for rational utilization of personnel in socialist units, the applicability of which was extended by Decree No 420/1985, do not apply to positions in the administrative apparatus of the Ministry of Mines, Petroleum, and Geology or to those in units to and from which personnel are transferred as a result of the provisions of this decree.

Article 31. The operating expenses of the department-centrals will be approved by the management council of the Ministry of Mines, Petroleum, and Geology and will be paid out of the production cost amounts of subordinate economic units.

Article 32. The State Planning Committee, the Ministry of Finance, and The Ministry of Labor will, on the basis of proposals by the Ministry of Mines, Petroleum, and Geology, will submit for approval any changes deriving from application of Decree No 220/1986 on establishment of the Ministry of Mines, Petroleum, and Geology and this decree in the unified national plan of economic and social development and in the volume and structure of the state budget for 1986, and also in Annex 22 to Decree No 161/1986 for approval of specific criteria relating to organization and flat-rate and piecework remuneration of labor in individual sectors and areas of activity.

Article 33. The provisions of laws, decrees, and other regulatory acts relating to the Ministry of Mines, the Ministry of Petroleum, and the Ministry of Geology will be applied correspondingly to the Ministry of Mines, Petroleum, and Geology as organized in conformity to this decree and in keeping with the purpose of its activity.

Article 34. Annexes 1-4 form an integral part of this decree.

Article 35. Decree No 269/1981 on organization and operation of the Ministry of Mines, Decree No 270/1981 on organization and operation of the Ministry of Petroleum, and Decree No 271/1981 on organization and operation of the Ministry of Geology are hereby rescinded.

Nicolae Ceausescu
President of the
Socialist Republic
of Romania

Bucharest, 28 June 1986

No 227

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CSO: 2700/223

PAPER VIEWS ROLE OF FOREIGN TRADE IN ECONOMY

Bucharest REVISTA ECONOMICA in Romanian No 16, 18 Apr 86; No 17, 25 Apr 86

[Article by Marian Chirila: "Foreign Trade in the Strategy for the Economic Development of Romania"]

[18 Apr 86 pp 3-4]

[Text] In a world in which the contortions and upheavals on an economic, social, ecological, and moral plane favor new outbreaks of the historical pessimism, Marxism reinstates the legitimacy of progress, demonstrating that the fulfillment of the human condition and the unleashing of its energies are subordinate to the revolutionary transformation of the production relations and to the vigorous implementation of the national models of development along paths conditioned by the concrete historical circumstances, the traditions of social integration, and styles and ways of life. In this way, the strong connection, the relationship of interdependence that is formed between the scientific concept of social progress and that of mode of production is achieved.

Insofar as the national models of development express the quantitative dimension of an economic structure regarded as desirable, their quality depends on the degree to which they reflect the country's characteristic conditions and the agreement with the requirements for the evolution of social production in the given stage. The above-mentioned conditions are determined by relatively constant factors, with a decisive role in the configuration of the national economic structure (of an integral or selective type), and, respectively, by variable factors, characterizing the quality of the process of expanded reproduction and its type. As the national economic structures are now no longer formed predominantly in a spontaneous way, by virtue of the intervention of the conscious factor in molding them, but especially by virtue of the objective necessity of participating in the international division of labor, the accent of the concerns falls on securing the optimal utilization of the role of foreign economic exchanges, as an endogenous factor in the balanced and efficient development of the country. If to export means to innovate, likewise innovation, dependent on the relatively constant national factors and the variable national factors, requires--through the achievement of basic industrialization and by virtue of it--the concentration of the efforts, the better utilization of one's own potential, and the accentuation of the mobility of the structure of the production factors--including under the impact of the world economic circuit.

The concern for better utilization of material and human resources through economic development and active participation in the world economic circuit represents a constant in our country's foreign trade strategy. In the spirit of peaceful coexistence, Romania develops its international economic relations with all states of the world, regardless of their social regime. This does not constitute a circumstantial orientation but corresponds to the realities of the contemporary world--the existence of a greater and greater interdependence among the economies of the sovereign states. Participation in the international division of labor, under conditions of full equality and fairness, constitutes a way to speed up economic growth, so that under the impact of this necessity international economic relations have the tendency to become more and more developed and diversified.

Referring to the directions of economic and social development of our country in the 1986-1990 5-year period, President Nicolae Ceausescu stated: "Starting from the important role that economic exchanges and cooperation in production have in our homeland's economic and social development, it is necessary for us to take every step to secure the growth of international exchanges by 41-45 percent. At the same time, it will be necessary for us to act regarding the raising of the quality and competitiveness of Romanian products on the international market and regarding Romania's more and more active participation in the international division of labor as an important factor in collaboration and peace in the world."

Foreign Trade in Our Own Model of Economic Development

Romania belongs to the category of countries in which the transition to the construction of socialism occurred against the background of the economic backwardness inherited from the bourgeois-landlord regime, in contrast with the prospects foreseen by Marx and Engels in connection with the conditions for forging the new order. This fact also imparted to the objective of attaining a higher model of civilization, possessing an advanced base of its own for economic and social development, the additional task of eliminating the country's relative underdevelopment. The above-mentioned process occurred and is occurring under the impact of the dialectic of social development, under given historical conditions and conditioned by the very evolution of the whole of human society.

The rebuilding of the economy destroyed by the war and the starting of industrialization imposed on Romania the adoption of a development strategy suited to the country's dimensions, the natural, capital, and labor resources, and the requirements for securing and consolidating national independence. This strategy devised by the Romanian Communist Party springs from the scientific view on the primordial role of our own efforts, dictating the maintenance, in each stage, of a balance between the amount of resources needed (foreign and domestic) and the faster development of the economy, for the purpose of closing the gaps while keeping unchanged the autonomy of the national decisions. The Ninth RCP Congress constitutes an important moment in the evolution of foreign trade. In the preceding 15 years (1950-1965) the volume of our foreign trade grew 4.8-fold, but in the next 15-year period (1966-1981) it grew more than 8.5-fold.

Stressing the importance of international economic relations, the party's secretary general, Comrade Nicolae Ceausescu, stated: "Without actively involving ourselves in the world division of labor, without promoting a wide exchange of material, scientific and technical, and cultural values with the other peoples, we cannot secure the forging of an advanced society--as the socialist and communist society should be." Acting in this regard, Romania has continually promoted a wide-open policy in the sphere of economic relations with all states of the world, resorting to modern forms of cooperation in production and marketing on the basis of stable, long-term agreements and understandings. The successes obtained in modernizing the economic structure have been reflected in the improvement of the exchange ratio in foreign trade and in the growth of the efficiency of exports.

These results have permitted the year-to-year growth of the contribution of the balance of trade to balancing the balance of foreign payments. Thus, in the 1981-1985 5-year period, the surplus obtained in the balance of trade was $300 million in 1981, $1.8 billion in 1982, $2.4 billion in 1983, $3.1 billion in 1984, and $2.5 billion in 1985.

Table: Comparisons Between the Growth of Foreign Trade and Other Indicators of Economic Development

Indicator	1950	1965	1975	1984
National product	100	414	10-fold	17-fold
National income	100	413	10-fold	17-fold
Volume of investments	100	748	22-fold	32-fold
Industrial production	100	640	21-fold	38-fold
Volume of foreign trade	100	478	19-fold	39-fold

Source: "Anuarul statistic al R.S. Romania, 1985" [1985 Statistical Yearbook of the Socialist Republic of Romania].

The accentuation of intensive growth, expressed in the passing of the growth of investments by the growth of production and in the passing of the rate of growth of industrial production by the growth of the volume of foreign trade, is characteristic of Romania's economic development in the last decade. Such correlations point out the economy's competitive capacity at present and the firmer and firmer orientation of industrial development toward fields with better utilization of material and human resources.

The elements of this strategy included, first, high and rising rates of accumulation and investment, as a basis for generating maximum growth in production and, in consequence, for continually and steadily raising the population's standard of living. Second, the effort was concentrated mainly on creating a sound and broad industrial base, capable of furnishing both means of production and consumer goods. The industrialization policy was centered on creating heavy industry capable of permitting the outfitting and modernization of the production potential in the other sectors of the economy, the incorporation of technical progress, and the achievement of a highly diversified industrial output. In the last 2 decades, the priority development of the technologically advanced processing branches, particularly machine building, chemistry, and metallurgy, has been pursued. Third, action was taken to utilize all national natural resources and to develop power generation, so as to reduce the dependence on imports and, in addition, as the case may be, to increase the reserves for exportation.

Fourth, agriculture's reorganization on socialist bases and its modernization had the role of supplying raw materials to the branches that industrialize them and means of subsistence to the population, in step with the natural increase and with the requirements for raising the standard of living, and, at the same time, of providing reserves for exportation. Fifth, the development of human resources pursued their full utilization, the raising of the level of specialized training, and the meeting of the needs according to branches and regions, in accordance with the requirements for the modernization and diversification of the economy and for the balanced participation of all areas of the country and all categories of the population in economic life.

The Diversification and Modernization of the Economy, at the Basis of the Development of International Economic Relations

The ways of implementing the Romanian development strategy combined the instrument of central planning with social control over society's entire activity, under the conditions of mobilizing the working people in production and expanding the framework for direct participation by the masses in political, social, and economic life. The performances attest to definite and prestigious successes in the country's multilateral development and in the economy's diversification and modernization, with clearly favorable effects in strengthening the potential and substantially raising the general level of progress.

The data that show that, from 1950 to 1979, the expenditures for investments rose about 32-fold and, in this framework, those for equipment rose more than 57-fold are indicative of the huge construction effort, which led to essential changes in the process of social reproduction. The purchase of equipment in the country rose approximately 80-fold, so that its percentage in the total means of production rose from 14.6 percent in 1950 to 36.7 percent in 1979. Romania, which imported over nine-tenths of the necessary machines, equipment, and apparatus before World War II, covers from its national production nearly 90 percent of the investment program. Likewise, in agriculture, respectively [as published], it evolved from 0.16:1 in 1950 to 0.33:1 in 1965 and to 1.2:1 in 1980, and that between the percentages of industry and agriculture in the production of national income rose from 0.80:1 in 1938 and 1.5:1 in 1950 to 1.6:1 in 1965 and 4.1:1 in 1980. The research on the changes occurring in Romania's macroeconomic structure in the last 3 decades points out the tendency of the structure of national income to converge with that of the employed population, in each sphere of production, toward a level of equilibrium.

From the viewpoint of economic efficiency, the correlation of maximum generality between the increases in national income and national product shows close rates (except in the 1955-1960 and 1970-1975 periods, when the latter indicator had a more marked rise). The coefficient of passage of the rate by national income [as published] again became greater than one in the 1976-1980 5-year period, it having the tendency to rise in the middle of the current decade. The big reserves in this regard are confirmed by the still high percentage of material expenditures in the national product and by their growth, continually more marked than the above-mentioned indicators, in contrast with the phenomena in the developed countries. The figures show that in our national economy the rise in the degree of technical equipping of labor has represented the predominant factor in the growth of labor productivity.

The constant exceeding of the rate of growth of group B in industry by group A indicates the mainly quantitative preponderance of the effects of the technical progress that accompanies any industrialization process. Technical progress has enhanced considerably, but with varying intensities, the results of the action of the assets and work force on growth in production. At the start of the current decade, the process of basic industrialization was completed, roughly speaking, with big gaps being closed on the plane of the economic structures, the level of efficiency, and the standard of living. Romania now presents the picture of an industrial-agrarian country, with strong, modern industry and socialist agriculture in full swing, within the framework of which expanded reproduction is achieved as a single whole, in conformity with the independent economic policy of utilizing the national potential through our own efforts and through international cooperation.

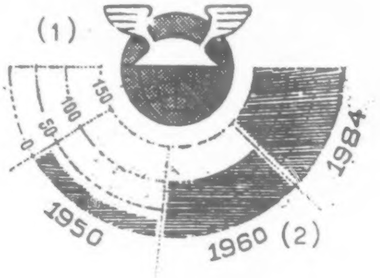

Figure: The Growth of Romania's Commercial and Economic-Cooperation Relations in the 1950-1984 Period

Key: 1. Number of countries 2. Years

In this context, foreign trade's place is determined, as in the case of other countries, by the domestic and foreign economic conditions, by the objectives of the development policy, and by the set of rules and institutional means that define the national economic system. The peculiarity for Romania is that, in the absence of abundant reserves of capital or consistent sources of invisible revenue, the exportation of goods constitutes the decisive source for obtaining the flow of foreign financial resources needed for development. The strategy of constant economic and social progress devised by the RCP, with original, profoundly innovative contributions by Comrade Nicolae Ceausescu, included exchanges with foreign countries as an element of growth, an idea verified by the realities of the world. Romania's open economic development acquired meaning and consistency through the upsurge in the production forces and the innovative structural transformations, which were materialized in the diversification of the branches, the growth of the technical and qualitative level of products, and the reduction of the socially necessary expenditures of national labor.

On this basis, foreign trade's contribution to the value of national income rose continually, from about 12 percent in 1960 to approximately 25 percent in 1975 and more than 30 percent in 1981 (the exact level differs according to the consideration of the sole commercial rate of exchange introduced in 1980 and, respectively, according to the taking of the material national income or the final national product into calculation). The same sources illustrate the expansion of Romania's percentage in world trade from 0.36 percent in 1950 to 0.6 percent in 1975 and 1980. The growth in the degree of participation by our country in the international division of labor can also be expressed by the growth in the volume of foreign trade per capita, an indicator that evolved from $28 in 1950 to $504 in 1975 and $1,000 in 1980, registering a rise of more than sevenfold from 1965 to 1981. The same as with the trends on a world level in the postwar period, Romania's foreign trade has continually exceeded in average rate the increases in national income and, in the last decade, the growth in industrial production, but with much closer correlations appearing for both indices in the 1981-1985 5-year period, due to the big reduction in imports. The fact that over 20 percent of the industrial production was exported in 1974, with this figure going in an upward direction according to the data on its structure according to groups of goods, is indicative of the degree of participation in the world economic circuit. A synthetic expression of our country's integration into the world economy, the matrix multiplier for foreign trade, calculated for 1971, indicates that about one-sixth of domestic consumption depended on foreign exchanges in their entirety, under the conditions in which these exchanges exhibited relatively wide diversification as to geographic area, having a degree of concentration of 30.9 percent, but a higher one for exportation (33.2 percent).

The above figures, which measure foreign trade's contribution to the development of production and, in consequence, the level of involvement by Romania in the world economy, confirm the advantages of the constant orientation toward openness of the national economy. This is in accordance with the consistent direction evident on a world level in the postwar period--except in the first 2 years of the current decade--of growth in the level of national product of the world's states drawn into the circuit of foreign exchanges, under the impact of objective reasons, among which the unprecedented rate of scientific and technical progress and the worsening of the distortions existing in the distribution of the other production factors stand out. The bigger role of the external factors in the country's economic and social development is, in essence, also the result of our own efforts, since it points out the change in the concrete form of a part of national labor, through the channels of international trade, and confers different dimensions and a different configuration on the process of expanded reproduction. Accompanying the intense process of industrialization and of delineation of the national economic complex, defined by Comrade Nicolae Ceausescu through the criteria for forging the socialist society, foreign trade has been and is really for Romania trade in the service of the country's development. At the same time, foreign trade has asserted itself as a factor, obviously derived, in the structural changes in the economy, it being affected by the growth of the social need and the manifestation of the economic interests in society for satisfying the needs dictated by socialism's laws of motion, it being dependent on the volume and quality of resources and impelled by the requirements for scientific and technical progress. Foreign economic relations have also shown an impact of their own on the changes occurring in the national economy's configuration, distinctly influencing each of the above-mentioned factors or their interaction, which materializes the contribution of the structural forces to regulating the system.

[25 Apr 86 pp 6-7]

[Text] Synthesizing what was presented in the first part of the article in connection with foreign trade's contribution to the country's development in the existing structure, it can be concluded that its role in Romania's economy has been manifested in increasing our efforts to vigorously implement the strategy for eliminating the inherited backwardness and forging the multilaterally developed socialist society, along the coordinates meant to consolidate national independence. In promoting the development strategy aimed at expanding the economic base and achieving rapid and broad industrialization, Romania rejected the idea that the boosting and progress of the national economy have to be done according to the criterion of the comparative advantages held in the period immediately after the war. In proportion to the creation and consolidation of socialism's technical-material base, the economic policy has demonstrated the capacity to utilize--within the limits given by the general orientation for the economy's diversification and its independent development--the dynamic comparative advantages springing from the progress made and capable of continually manifesting themselves as a result of the expected constant economic growth.

Foreign Trade--an Instrument for Improving the Economic Structures

The determination of foreign trade's role in socialist Romania's economy presupposes the analysis of its more and more marked influence on the production structures. Characteristic of the period of industrialization, having as a basis the Romanian Communist Party's advanced, scientific view on the development strategy, the process of expanded reproduction occurred over a wide front of fields and problems, entailing a big effort and a big volume of resources as well as massive assimilations of technologies and products. In the 1970's, foreign trade increased its autonomy, especially due to the greater possibilities of exportation, impelled by the growth and modernization of the production potential and by the stimulative measures in this regard.

The stage of maturity that Romanian industry reached from the viewpoint of the general branch structure, reflected by the high percentage of the machine-building, chemical, and metallurgical industries, led to the considerable modification of the supply of goods for exportation in favor of processed ones. The fact that these changes coincided with the changes in the structure of industry in the world up to the end of the last decade has permitted precisely the products of the above-mentioned branches to now have a majority in the structure of Romania's exports. In this way, the structural disadvantage by which Romanian exportation was marked at the start of the 1960's, in comparison with the direction of the evolution of the world demand, was overcome to a considerable degree in the last decade through the efforts to adapt the supply, under the impact of the development and diversification of the national economy. The vitality of exports was due essentially to the changes in their structure from the viewpoint of the quality and assortment range--through considerable diversification--of the products furnished by the peak branches, particularly machine building. The data on the intrabranch foreign trade in the total trade exchanges, showing the way in which our country joins in the world trend of developing the specialization of this type, attest to continual growth in the respective coefficient, from 61 percent in 1950 to 75.9 percent in 1979. The greatest similarity between the structure of exports and the structure of imports by Romania is seen in the exchanges with the socialist countries, the most marked difference is seen in the relations with the developing countries, and the trade with the developed capitalist countries suggests progress.

At the macroeconomic level, the sensitivity of the proportions of expanded reproduction to the action of our foreign trade exchanges is manifested through their contribution to the evolution of the correlation between the two sectors of social production. The calculations for the 1960-1970 period show that, unlike other factors with influences on the respective ratio, foreign trade led to the decline of the intensity of the growth particularly of the production of means of production in relation to the production of consumer goods. Its relatively low contribution to the evolution of the correlation, by virtue of the insufficient percentage held in national production in the respective period, did not lead to the inversion of the greater-than-one ratio between the two sectors but only lowered it. Thus, as a result of our party's correct, scientific view on the evolution of the different components of the process of expanded reproduction, the drop in the percentage of the sales of raw materials and fuels was bigger than the rise in the sales of machines and equipment influencing the correlation in a downward direction: At the same time, the importance of the purchases of means of production having the same effect increases. In the 1970's, the exportation of means of production increased, which influenced the ratio between the two sectors in an upward direction, more markedly that the opposite action of increasing the sales of consumer goods abroad. In addition, the percentage of the means for production and investments in the volume of importation increased.

In the RCP's economic policy, the matter of the growing utilization of foreign trade as an instrument for improving the economic structures is closely connected with properly considering its role in utilizing resources as efficiently as possible under the continually changing international circumstances. The meeting of the requirements resulting from the complex interdependences between domestic development and foreign exchanges has required the continual adaptation of the national supply to the structure of the world demand through the modernization of the branch structure of the economy. Our own structural model considers Romania's relatively constant conditions in general and the tendencies generated in production to apply the new technical and economic advances as well as the directions that appear in the international division of labor. The actions undertaken in recent years on the personal instructions of the party's secretary general, Comrade Nicolae Ceausescu, and the objectives defined for the 1986-1990 5-year period spring from the concern that the elimination of the disproportions that appear and the qualitative and structural adaptation of the Romanian economy should respond to the requirement of balanced development with wide social effects.

Romania's greater participation in the international division of labor increased, on the other hand, the structural mobility of the production factors, with favorable effects on the modernization of the national economy. Along with the promotion of technical progress, the expansion of foreign exchanges led to the finding of substitutes for scarce resources, it being subordinate to the objective of reducing the disparities in the consumption of the different sectors in the period of the forging of socialism's technical-material base. Consequently, in our country's case, foreign trade not only manifested itself as a requirement for rapid industrialization but also represents a condition for increasing the degree of international competitiveness, which gives expression, in fact, to the effectiveness of the national effort. The creation and diversification of industry in Romania as a result of its firm economic-policy choices are the result of the simultaneous efforts to achieve a high rate of accumulation through the mobilization of all available resources and through the finding of substitutes for the scarce production factors. Inevitably, this process occurs inclusively under the impact of the foreign flows of resources attracted and of the level of utilization of the results of national labor on the world market. In the years of socialist construction, as a result of socialist industrialization and under its own impact on the steady promotion of it, Romanian foreign trade has experienced a radical change in structure. As the statistical data also show, in fact, up to the start of the 1960's, Romania was a net exporter of raw materials and food and, respectively, a net importer of manufactured goods, but in the first part of the last decade the exports of processed goods began to constantly exceed the imports of such products. At the start of the current decade, Romania had become an industrial-agrarian country, exporting in growing proportions machines and industrial consumer goods, including a relatively constant amount of agricultural products, in order to meet its need for raw materials and to supplement its range of equipment.

In the course of the above-mentioned process, exports played a positive role, contributing directly to the maintenance of a high rate of economic growth, including for the sectors in which the size or the rate of evolution of the domestic market constituted a limiting factor. However, it should be noted that the related necessity of finding new international outlets was found under the sign of efficiently utilizing the national and imported resources for the production of industrially processed goods.

The contribution of imports to the structural mobility of the production factors was conditioned by the rate of development of industry, which exceeded the evolution of the base of domestic resources, and, respectively, by the machine and equipment demand generated by the development of the processing branches in conformity with the general strategy of industrialization. To this end, Romania's commercial policy pursued the establishment of long-term relations, the reduction and elimination of the barriers in the path of international trade, active participation in the international institutions with a worldwide character, and the wide diversification of cooperation in production and in sales of goods. The statistical data for the 1970's show that in this period metallurgy, metalworking machines, switchgear, radio-engineering products, ships, etc. were distinguished by a higher content of imported materials than the national average. The procurement of equipment from abroad had as a chief role not only the supplementation of the existing supply of fixed assets but also the promotion of peak technology.

In this way, the content of imported materials in exports has risen in accordance with the continual growth of exported industrial products and the complexity of the degree of processing of raw materials, which also holds true in the case of goods meant for consumption.

Intensive Growth--an Essential Component

The characteristics of the industrialization strategy adopted by our party and the high rates of development have led to the growth of the importance of economic ties with the outside world. This is, in fact, the chief feature of our economy's openness to the outside world and less one showing the influence of foreign exchanges on the sectorial structure of production, since the national economic complex was conceived to provide a balance in the configuration of the branches. The described situation brings new arguments in favor of urgency in drawing on the intensive factors of economic growth and raising the performance in the exportation of manufactured goods for the purpose of steadily achieving the balance of trade and payments with foreign countries, as the party's secretary general, Comrade Nicolae Ceausescu, has repeatedly stressed.

In the final analysis, Romania's commercial flows have given expression to the relative productivity and the national production effort, influencing not only the structure but also the volume of national product. The economy's continual development and its diversification have created the premises so that, gradually, foreign trade may have a greater impact on the proportions of reproduction and the volume and quality of the production factors. In the above-mentioned context, the synthetic indicators of development and some correlations between them offer images of the relationships of interdependence between foreign trade and economic growth in our country. We forgo the usual considerations connected with the proportion of trade in gross income, including because the direct significance of their dimensions is not distinguished in that way, and we present below one of the methods of correlating their growth. The testing in Romania's case, in the 1961-1970 period, done at the Institute of World Economics by means of a regression function ($y = a/bx$), shows that a 1-percent annual rise in the rate of exportation caused a 0.23-percent rise in national product. Continuing the calculations according to the same method, we found the elasticity b of 0.35 for the next decade and 0.44 for 1981-1983, which represents the average impact of a 1-percent rise in exportation on the rate of national product.

The use of this type of calculation reflects the fact that throughout the analyzed period both national product (more suitable than national income for comparison with the data offered by putting into correlation the gross national product in other countries) and exportation had a continually upward evolution. This correlation demonstrates the big influence of exports in supporting Romania's current economic growth.

As is known, the correlation between the rates of growth of exports and national product does not express exhaustively the whole mechanism for stimulating economic growth through foreign trade. The changes propagated throughout the economy by the import and export flows have the value of a multiplying effect, brought out by theory and by models, which have as a basis well-known arguments resulting from the reproduction equations. The formula

r = delta-y/(delta-x - delta-M)

allows the multiplying effect (r) to be distinguished by relating the increase in income (delta-y) to the difference between the increases in exportation (delta-x) and importation (delta-M). In the case of an adverse balance of trade, the indicator (r) has a negative sign, in a mathematical sense, but, in reality, it indicates a positive effect--namely, the bigger it is, the smaller the imbalance is between exportation and importation. The testing done for Romania's case is limited both in time (the 1961-1975 period) and from the viewpoint of approximating the magnitude of r. The results indicate average r coefficients of -8.7 for 1961-1965, -4.9 for the 1966-1970 period, and 16.9 for 1971-1975, For all of the 1960's, the meaning assigned to the coefficient is verified, in the sense that if it is lower, the absolute difference between exports and imports is bigger. The coefficient's high value and its positive sign for 1971-1975 reflect a better utilization of goods for exportation, in a structure that permitted the neutralization of the explosion of import prices in the last years analyzed.

At the same time, a similarity is seen between the r coefficient's evolution in time and the average rate of growth of national income in the intervals of time analyzed (respectively, 9, 7.7, and 11.3 percent), which provides an additional justification of its significance as an indicator of the multiplying effect coming from foreign trade. The dimensions of r for Romania in the 1960's do not indicate a significant impact by foreign exchanges on the growth of national income, as compared with other countries, which, in fact, corresponds to their percentage in national social production. A speedup in the rate of economic growth under this impact is seen right from start of the 1970's and results from the changes occurring in the structure of exports, in conformity with the strategy for the country's fast industrial development.

The quantification of the above-mentioned influences deepens the analysis and has the mission of measuring the effect exercised by foreign trade on the material and value dimensions of the national income utilized.

However, the factorial index of the exchange ratio, which measures the amount of imported goods that can be purchased per unit of national labor, offers more complete indications of the characteristics of Romania's participation in the international division of labor in recent decades. By virtue of the social and economic conditions in our country and for the purposes of the present analysis, we feel that it is enough to calculate it by multiplying the indices of the exchange ratio and of social labor productivity without also following its evolution according to categories of products and forgoing the inclusion of the variations occurring in the use of the work force. The calculations show the following evolution of the factorial index of the exchange ratio for Romania: 110.5 for the 1961-1965 period, 109.6 for the next 5 years, and 111.1 for 1971-1975. Leaving aside the intrinsic value of the order of magnitude of the above indicators, it is relevant that the constant rise in labor productivity provided high levels of utilization of national social labor. If indices of labor productivity from the export sectors could have been used, the significance of the factorial index for Romania would have been even higher, considering the growing percentage of the production of industry for exportation--a sector with an output per employed person above the national average. For the 1981-1985 period, with an estimated rise in industrial labor productivity by about 15.4 percent and in real pay by 8 percent and, respectively, in national product at an annual rate of approximately 4 percent, the competitiveness of the goods justified the further development of exports and implicitly supported economic growth.

The above offers a basis for judging that Romania's foreign economic exchanges were and are an important factor in the upsurge of the national production forces and in the raising of the qualitative level of economic and social activity. The offensive strategy adopted by our party in the field of economic development during the current world crisis consolidates the leading place conferred on foreign trade among the instruments meant to secure the fulfillment of the general tasks of socialist construction in our homeland. Accordingly, the objectives pursued in various commercial flows are subordinate to the role given to foreign trade by the economic policy and to Romania's basic position, springing from its status as a developing socialist country, regarding the promotion of mutually advantageous economic relations.

12105
CSO: 2700/218

WOZNIAK INTERVIEWED ON EARNINGS ISSUE

Warsaw ZYCIE WARSZAWY in Polish 23 May 86 p 3

[Interview with Marian Wozniak, member of the Political Bureau, secretary of the Central Committee of the PZPR, by Jozef Bartoszeski in GAZETA ROBOTNICZA 16 May 86]

[Text] [Question] "In our country the average earnings of a worker of higher education is 15 percent lower than the national average and about 25 percent lower than the average earnings of an industrial worker."

[Answer] "We return to the real utilization of human resources. It is a well studied method of evaluating work. Its essentials are, among others, coefficients defining the kinds of work from the viewpoint of the difficulty of performing the occupation, responsibility, the degree of complexity and qualifications. If this method is used correctly, it should turn out that two workers occupying the same position should have basically the same wages.

But pressure immediately begins not to introduce any salary ranges, to average everything and level everyone's wages to the mean. The old schemata of thinking prevail. The management personnel, therefore, has little variation in wages. The situation is similar with designers and technologists. The result? It does not always pay to have higher qualifications. And without good management personnel, correspondingly paid, we will not have good organization of the economy. Without changes in present practices, the majority will continue to be busy, but few will work efficiently. The effort of the laborer, the engineer and the economist will continue to be in vain.

For the master, the manager and the director to be able to organize modern and profitable production, they must be helped by the designer, the technologist, and the toolmaker. Therefore, these two groups are the brain of progress.

If the technologist does this effectively, let him earn three times as much as others. Is this so hard to understand? And yet it is very difficult. A devil sits in this badly understood concept of egalitarianism, and if we do not bid farewell to this devil, I'm afraid that we will not achieve our planned goals."

12972
CSO: 2600/488

BARCIKOWSKI ON RURAL SELF-GOVERNMENT

Warsaw ZYCIE WARSZAWY in Polish 23 May 86 p 3

[Interview with Kazimierz Barcikowski, member of the Political Bureau of the Central Committee of the PZPR, vice president of the State Council, by Krzysztof Matlak in GLOS SZCZECINSKI 17-18 May 86]

[Text] [Question] "Among the August and post-August postulates, the one concerning the increase in participation in government by working people was universal. This was fulfilled in the legislative sense, but did it fare so well in real life?

[Answer] "Extremely broad legal frameworks were created for the participation of working people in deciding local, regional and national affairs. Entirely new institutions arose. In conjunction with this, were all expectations fulfilled? Not completely. Very many people were engaged in the matter of self-government. However, they often lacked the knowledge to take advantage of their rights. Could it have been otherwise? No. Only the naive could state that all of the rural problems would be solved together with the institution of self-government. Many years are needed, much experience must be obtained. Territorial self-government does not have a rich tradition in Poland. Therefore we must learn. Patience is the most important thing. Hesitation cannot be permitted. Also essential is the resultant warning that self-government cannot be used for political, anti-state purposes. It happens rarely, but we have to deal with such instances."

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BRIEFS

BARCIKOWSKI ON 1980 EVENTS--[Question] "Let's look at the year 1980 again. In reading your speech made after the signing of the agreement, we can come to the conclusion that the apprehensions contained in it have come true, but the hopes have not been confirmed. Can these hopes ever be realized?" [Answer] "They can! But the essential conditions for success have not been fulfilled. First of all, the party did not have enough strength and wisdom to lead in this direction. It turned out that our administration was too rusty. It had lost the ability for leadership. We could not allow this entire movement to switch to an anti-socialist path. At that time a large portion of its leadership joined with the international manipulations of Polish affairs. It's a shame, a great shame that we could not take advantage of the chance provided by this movement; a great amount of social energy was wasted. [Interview with Kazimierz Barcikowski, vice president of the State Council, member of the Political Bureau of the Central Committee of the PZPR, by Krzysztof Matlak in GLOS SZCZECINSKI 17-18 May 86] [Text] [Warsaw POLITYKA in Polish 31 May 86 p 2] 12972

SELF-MANAGEMENT PROLIFERATION CRITICIZED--"...I am of the opinion that we should centralize 20-25 percent of the economy and put a stop to these arguments. This is also the experience of the world. After all, the discussion about the structures in the metallurgy industry is ridiculous. Please tell me where, in what country, the mills function independently? But among us, in the name of falsely understood self-management and self-government, we did not agree to centralization in this area. And what resulted from this? There was a growth in turnover within the mills, which hurt production, the quality of goods declined and costs rose. Now common ownership of the mills has arisen; it will certainly not solve all the problems, but it may improve the present situation. Metallurgy as a whole has too much effect on the economy, the economy depends too much on it, for the state to let its situation be shaped only by market processes." [Interview with Marian Wozniak, secretary of the Central Committee of the PZPR, member of the Political Bureau, by Jozef Bartoszewski in GAZETA ROBOTNICZA 16 May 86] [Text] [Warsaw POLITYKA in Polish 31 May 86 p 2] 12972

CSO: 2600/488

RURAL, URBAN 'CONFLICT' NOTED IN LETTERS

Warsaw POLITYKA in Polish 31 May 86 p 3

[Text] The perennial theme of the relations--alliance or conflict--between the city and the village was discussed in ODRODZENIE (20/86) by scientists, workers and farmers.

The discussion became heated, and if it lacked civility--it did not lack breadth. "In the present social consciousness farmers are being coddled, and they have trumped up this sense of discrimination, they have dreamt up their misfortune." (K. Krzywicki, master from the "Ursus" factories); or also: "The state keeps flirting with the peasants, who do nothing except fuss and cling together. How can we talk about an alliance when everyone plays solo" (Z. Choinski, worker from the ZPOW in Bielawa). On the other side, however: "Can we ignore the fact that for three years the wages for non-agricultural work rose by 20 percent annually while the prices at the agricultural purchasing centers rose by only nine percent? The wives of intellectuals and workers have bathtubs in their apartments with hot and cold running water, and for that treasure the state pays for waterworks and sewer systems. But the wives of the farmers carry water from the wells and no one pays them for it. It's the same with heating. The state pays for the central heating for those who have radiators--for those who purchase coal with the greatest effort, load it with shovels, carry it for kilometers, and burn it themselves in their stoves--no one pays. And social works? Television praises the farmers in Czarna Wolka for building their own school, waterworks and health facility. I'm sorry, but why haven't the residents of Marszalkowska Street gotten the idea to build their own school or waterworks?" (A. Bochenski, publicist). And also: "The city sucks in the most valuable people, repaying them with disparate wages, the inequality of socio-cultural institutions, the difficulties of admittance to studios, etc." (R. Karolak, president of the RSP [Agricultural Producer Cooperative] in Dabrowa Wielka).

In the extremely broad discussion, which--in excerpts--covered two pages of the newspaper, both sides presented a whole catalog of wrongs and handicaps (each provided its own, for each considered itself wronged and handicapped) and this characteristic contest lasted throughout the discussion. The "peasant faction" and its supporters emphasized the various difficulties of village life, and especially the unhappy lot of village farmers ("...machines first took the place of the horses, then of the work of men and children, but they still have not taken the place of women's work. This causes the exodus of the young and problems with finding wives for the farmers" (H. Rafalski--Professor at the AM [Academy of Medicine] in Lodz); the "city faction" emphasized the difficulties of life in the city ("A textile worker who lives near Lodz and begins work at six also wakes up at three. And later, after work, stands in a line at the store to finally return with her purchases to Pabianice. And so it goes, over and over again"--Dr A. Tudek of the Research Institute of the Working Class in the ANS [Academy of Social Sciences]).

K. Komornicki, a farmer of the first generation, summed it up briefly: "It's true, neither one nor the other has it good." K. Krzywik completed this assertion: "...The same shortcomings and deficiencies are in the village as in the city. Both there and here there are millionaires, those of average income and those on the borderline of poverty."

The majority of the participants in the dispute sought the reasons for the clash between the city and the village in the past, and not exclusively in the errors of the economic policy of the PRL: "We have made even greater errors in social policy than in economic policy, despite the fact that we had the instruments here to set it in motion. The thesis that the village can advance only through the city and heavy industry weighs exceptionally heavily on social policy, which favors keeping the huge discrepancies which also influence the biological differentiation and physical development of children and youths, and which is no longer evident in our neighbors in Czechoslovakia and the GDR." (H. Rafalski)

Professor J. Szczepanski searched for the sources of the failure in preventing the said conflict up till now in the fact that it has been treated only on the macro scale: "The effectiveness of policy depends in the end on individual reactions. Every social creation is a "radiation" of individuality. Without recognizing this, and at least appealing to it, it is hard to understand the drama of social processes and the complexity of "village-city" relations. Therefore I think--and this is my modest proposal, that the first necessity is precise research and study of these relations, not within the categories of a rational system, but within the categories of the respective behavior of the residents of the cities and the villages, in the background of the entire complexity of the present situation."

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